

End Game: spot the clues in part 2 of our seasonal story

Page IV

http://www.FT.com







Smoke-free muscles toned but going out of my mind

Page XXII

Launch of the euro brings renewed dispute over tax

More than 30,000 people yesterday joined a street party on the lawn in front of the European Central Bank in Frankfurt to celehrate the launch of the euro and first economic union in Europe since the Roman Empire.

However, the launch of the single currency was accompanied by a fresh row between the UK on one side and France and Germany on the other over the decision-making power of euro-zone countries and tax harmonisation. London indicated its difficulty

with comments by Gunther Verheugen, Germany's minister for Europe, that "target zones" for corporation tax could ease problems of unfair tax competition. It also challenged a French statement that euro-zone finance min-

participating western European gration. Gerhard Schröder, Gercountries were fixed irrevocably at the start of the new year, marking the final stage of more than 10 years' intensive preparation on a project proposed nearly 30 years ago and creating an economic and monetary union for

Following an unprecedented Austria, Belgium, Finland,

el, Page 21 France, Germany, Ireland, Italy, Luxembourg, the Netherlands. Portugal and Spain now share a common currency, central bank and short-term interest rate of 3

financial policies". He also proposed a Europe-wide jobs pact.

Several EU finance ministers, at a ceremony to fix the rates in Brussels, predicted that the euro would rank alongside the dollar as a world currency and give the EU a stronger voice in international affairs.

Trading in euros and eurodenominated assets will start at 5am on Monday in Australia, which is 7pm tomorrow in western Europe and 6pm in the UK. It will be joined later by Tokyo, Singapore and Hong Kong, but "the show really won't take off until Europe comes on late in the afternoon", said one. Sydney

European leaders hailed the lian traders was that when trad-birth of the euro as a milestone ing starts the spread between



Euro good health? Wim Duisenberg, European Central Bank president field, toests the advent of the single o

buy and sell rates would be 20 basis points, narrowing to 5 basis points when trading begins in Europe. A basis point is one hun-

However, competing claims for the first euro trades abounded, with an Indian public-sector bank

purchasing 65m at a rate of \$1:173-\$1.174 yesterday. Some London currency dealers, mean-while, said a handful of transactions in the new currency had been conducted earlier in the week through the Electronic Broking System.

euro and the 11 national curren-

until early 2002 when national denominations will be phased out

Big day loses its fizz as traders sit it out

at Barclays Capital, the UK. investment bank, kept his head down yesterday as he worked on his analysis of the euro. Behind him, blue rubber balls flew thick and fast across the bank's almost deserted trading floor - more usually buzzing with the sound

of money changing hands. The stress relief balls were handed out to every trader by Barclays' European Monetary Union conversion managers. But the handful of traders working on New Year's Day in the bank's Canary Wharf offices in London's docklands were more interested For a few Emu project manag-

ers, this weekend is a frantic race to convert balances, redenominate securities portfolios and adapt computer systems in time for the start of trading in the new European currency on Monday.

ney in London, clocked in at 2am vesterday and worked until 7pm. After a short sleep in a nearby hotel, she was due to start work igain at 11pm yesterday.

involved in some aspect of the euro conversion, the weekend has meant sitting around, with only rare bursts of activity.

In Paris, the conversion weekaffair. Staff at Banque Nationale de Paris saw in the new year with a least of fole gras, smoked salmon and champagne. But in London, the midnight

birth of the euro was greeted without fizz. Frankfurt bankers took

China condemns US report on rocket technology

By James Kynge in Bellion

China yesterday denounced as "sheer fabrication" a US congressional committee report that claimed the country had acquired valuable American technology with possible military applications as a result of conducting commercial satellite launches for

Zhu Bangzao, China's foreign ministry spokesman, said the House of Representatives committee finding was an "ill distor- lite, rocket and missile technoltion of China's peaceful use of ogy through the commercial

space technology". He also accused the committee of "deliberately undermining China-US relations", according to a state-ment issued by Xinhua, the official Chinese news agency.

The strength of Mr Zhu's comments signalled that China was prepared for a protracted battle over the issue of whether it had improperly obtained US technology with military uses.

"It is unnecessary, also impos-sible, for China to obtain satel-

China Aerospace, the state-run company that conducts China's satellite launches, also con-demned the House committee report, which it said "greatly damaged the good image and international reputation of the Long March rocket as well as the producer and launcher of the

The report, unanimously approved, was compiled following a six-month inquiry sparked by allegations that Hughes Electronics and Loral Space and Commu-

launching service," Mr Zhu said. nications had transferred rocket guidance technology to China after satellites belonging to the communies were destroyed in Chinese rocket explosions.

Remarks by Christopher Cox. chairman of the special committee, this week indicated that the report might detail US technology transfers beyond those already publicly alleged.

Mr Cox said that the report, which remains classified, covered the transfer of "militarily significant technology" that had harmed US national security

expected to be published over the next few months.

The issue threatens to become a powerful source of mistrust in a US-China relationship that has chilled since the summer summit between President Bill Clinton and Jiang Zemin, his Chinese counterpart, in Beijing.

But in spite of US opposition to the jailing of several dissidents in China, and heightened friction over a Chinese trade surplus Solon this year, Washington and the broad relationship to unwind.

interests. Parts of the report are Beijing have appeared at pains to accentuate the co-operative

espects of their relationship. Yesterday, to mark the 20th anniversary of the establishment of diplomatic ties, Mr Clinton and Mr Jiang exchanged letters not-ing the strides the bilateral relationship has made.

Western diplomats said the numerous converging interests including efforts to prevent North Korea from developing nuclear weapons - were imporwith the US expected to reach tant arguments against allowing

larly anstère approach. night. The champagne corks will pop on January 5 - if everything has gone well," said Zbynek Sokolovsky, Dresdner Bank's

General

'dam 'ignoring Iragi people'

with Arab states widened when Egypt's President Hosni blamed the government in Baghdad for Ignoring the plight pi people. Earlier this week he said "the ruling regime there e of all problems". International, Page 4

Nigeria abolishes dual exchange rates Nigeria's ruler General Abdulsalami Abubalar announced economic reforms, including the abolition of the dual exchange rate system, which could encourage investment. International, Page 4

Monet exhibition breaks tickets record Claude Monet, the "father of impressionism", has broken the record for the most advance tickets sold for an art exhibition in Britain. Organisers of the Royal Academy exhibition said almost 100,000 people had applied for tickets to the "Monet in the 20th Century",

which opens on January 23. UK, Page 5 Revival likely for Welsh whisky

Welsh whisky could make a comeback - 80 years after local distillers such as Jack Daniels were forced out of the UK by the Methodist church temperance movement. Plans to revive Welsh whisky distilling have been drawn up after the courts ruled against local producers importing whisky from Scotland. UK, Page 5

The pink crystal ball

Page 7

What will happen to euro interest rates?, Can Clinton survive? Who will run Russia? Will Tony Blair come off the fence over Emu? Answers to these and all the other big questions of 1999 supplied by FT soothsayers





Business News

BP Amoco iob cuts higher

Job cuts at the newly merged BP Amoco will be much higher than the 6,000 previously indicated – and most are likely to be in the US. The company, created by British Petroleum's takeover of Amoco of the US, would not give a figure, but said the worsening operating environment required deeper cuts than planned. Page 24

US consortium to buy Korea First Bank A US investment consortium has been chosen over HSBC Holdings, British banking group, to buy Korea First Bank in the first sale of a

South Korean commercial bank to foreigners. A consortium led by Newbridge Capital will take 51 per cent of the bank. Page 24

FT/S&P Europe Index up more than 30% on year The pre-euro year was a very healthy one for European stock markets, despite the

sharp decline between mid-July and early October. A 25.2 per cent rally in the final quarter left the FT/S&P Europe (ex-UK) index up more than 30 per cent in dollar terms on the year. Lower interest rates. as countries moved short term yields in line with the Franco-German core, helped italy, Spain and Ireland. Finland, the best performer of all world mar-

kets, more than doubled thanks to a strong rise in Nokia, mobile telecoms group. Bonds, Page 8; Currencies, Page 9; London stocks, Page 17; World stocks, Page 21; Nasday stocks lead dvance, Page 23; Lex, Page 24; Weekend, Pages XX-XXI Griffin collapse puts regulation in spotlight Investigations into a trading scandal which has shaken European

derivatives markets and caused the collapse of a Chicago-based financial futures firm are likely to focus on regulation and compliance on both sides of the Allantic. Page 23 Gan sells stakes in Morocco units

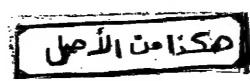
owned insurer Groupema since its privatisation in July, has sold its stakes in two Moroccan aubsidiaries for FFr2bn (\$357m). Page 23

Gan, the French insurance company controlled by the mutually

Contents FTSE Actual

FT.com: the FT web site provides updated news and an online archive of back articles at http://www.FT.com 20,21 O THE FINANCIAL TIMES LIMITED 1999 No 33,795 LARGOR - LEGIS - PARES - FRANKFORT - STOCKHOLE - MEAN - MARION - MENT YOUR - LOS ANGELES - CHICAGO - FUNTO - MORE HOME





By George Graham in London and Samer Iskandar in Paris

Work on redenominating rency balances to the euro went on at a canter yesterday, with several banks reporting that the conver-(Emu) project at Merrill sion process was moving fas- Lynch, the US investment ter than during dress bank.

Traders usually wind down their portfolios at the end of the year, and this year dealing has been especially sparse. Rehearsals were conducted earlier in the year using simulated data from days with far greater numbers to process. This was an especially

JEAN LEMIERRE

quiet year-end. and I think

French official to head new

By Peter Norman in Brussels

committee

European Union member states have agreed that the chairman of the new economic and financial committee, which replaces the secretive EU monetary committee following the launch of the euro, should be a senior French official.

It is expected that Jean Lemierre. director of the French Treasury, will be elected formally as president of the Ecofin committee early this month. The monetary committee has been chaired for the past five years by Sir Nigel Wicks, a senior UK Treasury official.

The 34-strong committee will provide an important forum for consultation between EU finance ministers and the Frankfurt-based European Central Bank, It will consist of a central bank and finance ministry official from each member state as well as two representatives each of the ECB and European Commission.

The committee will also act as an important link between the 11 member states of the euro-zone and the four non-member EU countries. The Ecofin committee's statutes provide for it to be consulted over decisions relating to the revamped exchange rate mechanism which will bind the Danish krone and Greek

drachma to the euro. When fixing the irrevoca-European single currency, the ministers of the eurozone also set central rates and fluctuation margins for the Danish and Greek cur-

rencies against the euro. The euro central rate for the Danish currency was fixed at 7.46038 krone, with a fluctuation margin of plus or minus 2.25 per cent. The ministers agreed a euro central rate for Greece of 353,109 drachmas and a fluctuation band of plus or minus 15 per cent before compulsory central bank intervention would be necessary to defend the Greek currency.

The Swedish crown and British pound are not members of the new exchange rate mechanism. Jacques Santer, European Commission president, underlined that currencies would have to be ERM members for two years to qualify for membership of the euro-zone.

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FRANCE:

SWEDEN:

people handling the Emu conversion. Some of our processes are running much faster than they might have in higher volume periods," said Mitch Shivers, head of the European monetary union

Joanna Meager, in charge of Emu matters at Salomon Smith Barney, the investment banking arm of Citi-group, managed to start the conversion process at 2am yesterday, an hour earlier than during dress rehearsals, because the normal yearend procedures were finished faster than expected.

Total area (1000 Kra²)

Exports (1997, Ecu bo)

Imports (1997, Ecu bn)

Trade balance (1997, Equ (m))

Population (millions, average 1996)

GDP (1998 Ecu br. at market prices)

initiation (annual % change, Nov 98/Nov97)

General gov. deficit 1997 (as % of GDP)

General gov. debt 1997 (as % of GDP)

Industrial production growth (97/96, %)

Monetary supply (M1, Ecu bn Sep 98)

3-month short-term interest rate (Oct 98, %)

10-year gov. bond yield (Nov 96 nominal, %)

Foreign ext. reserves, ex gold (Aug 98 Equ bn)

Stock market capitalisation (Oct 98 Ecu bnl?

Unemployment rate (Oct 98, %)

Outstanding public debt securities (Dec 97 Ecu bn) 3272.4

GOP (annual % change, 98/97)

being lower."

offices in Canary Wharf, in the London docklands, Nick Donnelly, head of Emu conversion, said he had rehearsed on two-day weekends, but now had three days potentially available. In addition, conversion processes were running faster so far, everything was oper-on the bank's main comput- ating according to schedule. ers than on the back-up computers used for rehearsals.

Some processes have speeded up considerably. At Barclays' first rehearsal, 20 traders came in to convert equity derivatives positions by hand. Yesterday the same "It is running faster than process was carried out auto-

US

9373

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792 A

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9t1.7

5.2

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45

6706 9 2822 B

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298.6

72.7

3.7

1.1

187.1

4.3

3300.9

1195.2

that was welcomed by the in dress rehearsals, but a lot matically in 10 minutes, with of that is due to volumes just four traders needed to come in and check the At Barclays Capital's resulting trading balances.

"We could afford to slip by an hour or two in some processes. We know we have the ability to make up time because we are now running on live machines with much faster run-times." Mr Donnelly said, while noting that,

In Paris, Hervé Gouëzel, head of information systems at Banque Nationale de Paris, said the weekend was running according to the timetable, despite a breakdown at one computer server which took longer than expected to fix.

BNP was still ready in time to process what it claims was France's first transaction in euros: a few minutes after midnight yesterday morning one of its

a BNP debit card for a mez!

at a restaurant on the

Like other French banks. BNP had to negotiate hard with government authorities to get exemptions from the country's restrictive labour laws, which would normally outlaw the kind of roundweekend. Agreements also imposed over the years

restricting overtime work in hanss.

Central bankers said they were not aware of any significant problems, aithough they will only be conducting customers paid £298.80 with formal checks temorrow morran.

tioned that problems might not show up until next week. when banks start to find out if their trading partners have managed the conversion process successfully.

"So far each bank has heen rehearsing in isolation. the-clock working seen this Monday will be the first time everyone performs together. had to be reached with the so a few problems and trade unions, which have glitches are to be expected." said Paul Cantwell. of industry-wide conventions Andersen Consulting.

6.9079

42,8664

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TL 370358-5125

The value of the euro

unay.		£ 100	Somm's		£ 1540	945-47		
Aostria	\$ch	13,7603	ireland	E	0.787564	US	\$	1.1743
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Fieland	FM	5.94573	Hetherlands	A	2.20371	•	_	
France	Hr.	6.55957	Portugal	Es	200.482	UK	. 2	1,7058
Germany	DM	1.9553	Spain	Pto	166.386	Settzerland	SFr	1.5129
Against-othe	r currencie	5*						
Country		€ mie	Country		€ rate	Country		E rate
Argentina	Peso	1.1732	Indonesia	Яp	9335.3000	Saudi Arabia	SR	4,4046
Australia .	AS	1.9145	lgraei	Shik	4,8853	Senden	SKr	9.5183
Braze	Real	1,4188	Koree	Woo	1412,0363	Slogapore	\$\$	1.9375
Canada	ES	1.8037	Malaysia	HS	6.3762	Slovakiz	Sk	43,2418

The euro, which did not come into extrience will January 1, will bega citical tracing on furnign exchange markets on January 4. The nor

45,5784

4.1217

12918,7750

Benchmark interest rates on the CFA franc were cut on Thursday after the trading currency of France's former African colonies was pegged to the euro. The parity of the CFA franc, which was pegged at 100 for each French franc, was set at 655.957 against the euro.

Separately, France set the parity of the CFP franc - the currency used by existing and former French territories in the Pacific - at €8.38 for 1,000 CFP francs. The CFP franc had been pegged at 0.055 French trancs since 1949. Samer Iskandar

DECISION-MAKING POWERS AND TAXATION

UK again at odds with European partners

By Andrew Parker, Political Correspondent

The birth of the European single currency was marked in the UK yesterday by fresh ble conversion rates of the 11 disagreements with France Emu countries against the and Germany over the decision-making power of eurozone countries and tax har-

The UK government indicated its difficulty with com-ments by Gunther Verheugen. Germany's minister for Europe, that "target zones" for corporation tax could form part of a solution to the problem of unfair tax competition inside the EU.

UK officials also disputed a statement by Dominique Strauss-Kahn, French finance minister, that the council of 11 EU finance ministers inside the eurozone would soon become the "economic government of Europe".

A Treasury spokesman insisted Ecofin, the council of EU finance ministers. remained the "only" decision-making body on eco-The spokesman, indicating the government's willing-

FINANCIAL TIMES

Minds"

"Great

Providing discrime and play executives with an mercuan

fortun to forge new contacts, exchange aleas, learn from competition experience and house

rate taxes, added: "Direct can become a member. That taxation is a member state

Joyce Quin, UK minister for Europe, said: "We know any EU proposal would have to be looked at and decided upon unanimously. That is the case for us and other countries."

However, Ms Quin said: "We want [the euro] to be a success. It is, after all, operating in a large part of our own internal market which gives us a very strong reason for wishing it well and hoping it will be suc-

She defended the decision not to send a minister to the Brussels ceremony marking the advent of the currency. "We were very well represented by Sir Stephen Wall fuk ambassador to the EUI." The Treasury said the event had involved "no substan-

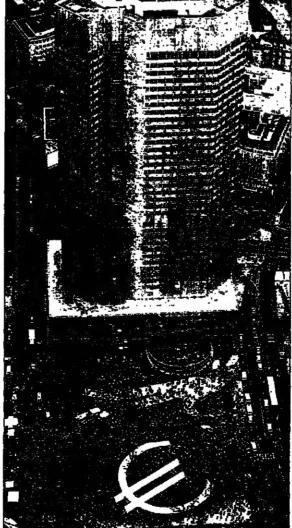
tive business" for the UK. Ms Quin denied UK influence in the EU was diminished by its decision not to join the euro at its launch. Asked if she was convinced the UK would one day join, and common taxation".

ness to veto any attempt to she replied: "We have set out harmonise personal or corpo- the procedure by which we does depend on a favourable result in a referendum."

Mr Verheugen reignited the row over tax harmonisation in a BBC interview when he was asked if Europe could in future set target zones on matters such as corporation tax. He replied: "Corporation tax, of course, is an issue and target zones could be a solution... That is the same approach we have used with value-added tax, a system where you have a certain co-ordination, perhaps harmonisation, in

Europe. Mr Verheugen added the euro was the "beginning" of political integration between EU member states. "Inevitably it will happen," he

John Redwood, trade and industry spokesman for the **UK** opposition Conservative party, said Mr Verheugen had confirmed fears that the euro "is the beginning of the process towards a single government and taxation, towards one economic policy



ands of people stand around a huge euro symbol laid down

Trading in New Currency

London quick off the mark

By Alan Beattle in London

The first deals in the euro were struck as early as December 30 in London, five days before the official start of trading, according to banks active in the foreign

exchange market. Traders took advantage of the lag of two working days between the price being agreed and settlement being completed to make deals in the new currency before it

officially existed. Asia and Pacific Rim counhave been eager to claim that the very first trades in the new currency will be rency. made in the Asian trading session on January 4. But it

seems that some traders in London beat them to it. Joe Prendergast, head of Credit Suisse First Boston in London, said his bank made

a euro/dollar deal in the Lon-

don trading session of December 30. "We were responding to demand from a customer," said Mr Prendergast. "They requested a price in

euros and we found them one." Settlement for the deal Banks and markets in east will be made on January 4 when markets reopen after tries, including Australia, the holiday weekend, by which time the euro will be trading freely as a live cur-Mr Prendergast said that

with the conversion rates for

research at the global for- trade, there was some uncereign exchange division of tainty as to where the price for the deal should be

But with the Ecu acting as a close proxy for the euro. and with the synthetic euro was likely to be, the risk of mispricing was low.

The danger that the trade But as soon as the would not be settled because conversion rates were of systems conversion prob- announced on December 31 lems was common to all and the value of the euro trades around this time, not against other currencies just those in the euro. he added.

confirmed they had heard of said.

the legacy currencies enter- trades being completed as ing the euro not yet pub-lished at the time of the although several said they although several said they had not been involved them-

The Credit Suisse First Boston deal was between the bank itself and a third party. It did not mean that the interbank market, where large banks like Credit made up of the individual large banks like Credit currencies showing what the Suisse trade among themvalue of the new currency selves, was operating in the euro as early as December 30, said Mr Prendergast.

became clear, a very thin and tentative interbank mar-Other banks in London ket in the euro started, he

EURO DIARY

Bad body language

Fortunately, looks cannot kill. Otherwise the European Central Bank would have lost its president and France its finance minister at a press conference called on Thursday to celebrate the launch of the euro.

In fact, Wim Duisenberg and Dominique Strauss-Kahn found it difficult even to look each other in the eye. Mr Strauss-Kahn made no effort to conceal his anger that Mr Dusenberg had questioned France's understanding of a compromise, agreed after hours of argument last May, that the ECB president would quit his post before the end of his eight-year term. "No one will be able to detract from this historic day," he said icily when quizzed on the matter

Showing little regard for diplomatic niceties, Mr Duisenberg had told that day's issue of Le Monde, the French newspaper, that he would not quit his post after four years in office to make way for Jean-Claude Trichet, the governor of the Bank of France.

It may not have helped Mr Strauss-Kahn's humour that, when the 11 euro-zone finance ministers were called on to open giant 9-litre bottles of champagne to celebrate the euro's birth, it was Mr Duisenberg who managed to get the first bottle open, as the finance ministers struggled with their corks.

Euro-chic for NY banks

The advent of the euro has, if nothing else, given large and normally resolutely un-sexy European banks the opportunity to try to convince Americans that they are really quite

Baffled Wall Streeters have received an Aladdin's cave ot euro-related merchandise from European banks in recent weeks. Barclays Capital's T-shirt with an EU flag or the back is relatively restrained - truly fashionable Wall Street traders will probably be keener on the "I'm OK; Euro K" motto on the back of ABN-Amro's T-shirts,

Panbas may take the prize, though. The French bank has been giving out coffee mugs emblazoned with the corporate logo, the new euro symbol, and the slogan "Navigator to the euro". Fill it with coffee, and the pattern magically extends itself. In full colour, "old" European bank notes can be seen being fed into the euro symbol, while new euro notes come out on the other side.

Dutch stay calm over crash

Amsterdam's AEX index will more than halve on Monday, but holders of Dutch blue chip stocks need not panic. The 26-share index is - alone among leading European bourse barometers - merely undergoing its own euro conversion. Because it is an amaigam of the weighted guilder values of its constituent stocks, last year's closing level of 1,186.38 becomes just 538.36 in the new money.

George Möller, president of Amsterdam Exchanges, which runs the city's equity and derivatives markets, says the bourse had wanted to keep the index level continuous, but options and futures dealers objected. In particular, contracts on index options would have become - as it turned out when the rates were set on New Year's eve -2.20371 times "heavier", That would have needed intricate recalculations on just about every trade, so "the market

said 'just split the index'." All of this means private investors might be tempted more than elsewhere, to hug the sidelines on Monday morning until they see how dealings develop. Mr Moller thinks the professional players will generate enough order volume to keep the market moving, but he is ready to suspend trading until they do. "Maybe for half an hour," he

German precision meets the euro

Germany's police were among the first to use the euro, but they seem to have become a little over-excited by the official conversion rate between the D-Mark and the new currency, which has five digits behind the decimal point. Instead of reporting fire damage of about DM30,000, police in the city of Offenbach, near Frankfurt, reported an oddly precise figure of €15,306.12, which is the estimated D-Mark amount divided by the conversion rate.

Anyone for lunch?

Thursday was a day when all spoke of history who talked about lunch. Stephen Wall, UK ambassador to the EU, brought some much needed levity to the euro-launch when he recalled the difficult negotiations over Wim Duis-

enberg's appointment last May.

The British, as holders of the EU presidency, at the time hosted the longest lunch in EU history. The Austrian presidency, when setting the euro convergence rates on Thursday, presided over one of the shortest. Mr Walls' proposal for managing Europe's economy was convergence on a central rate for lunches.

If such a radical proposal is adopted, it will be without the services of Sir Nigel Wicks. The second permanent secretary at the UK Treasury bowed out after a five-year spell as chairman of the EU monetary committee in which he played a key part in advancing the single currency. He was rewarded with a spontaneous round of applause from the ministers and officials present.

Calculators for charity

First the good news: the Belgium government plans to distribute free electronic calculators so that its citizens can work out how much goods and services cost in euros as well as Belgian francs.

Now the bad news: the free "surettes" will not be avail-Now the bad news: the free surely able much before Easter. Conscious of Belgium's huge able much before Easter. Conscious of Belgium's huge burden of public debt, Elio di Rupo, economics minis sees the government acting as a supplier of last resort in the hope that banks, shops and other businesses will provide their customers with calculators as promotional gim-

However, Mr di Rupo, a socialist, is concerned that the less well off and the aged among Belgium's 10.2m population will not benefit from such corporate largesse. The dis-advantaged could also fall prey to dishonest traders who take advantage of double pricing to convert francs into euros at the wrong rate. So he is calling for tenders from manufacturers by February 10 and is prepared to order between 500,000 and 1.5m calculators if necessary.

Euro babies

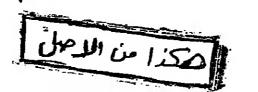
France is already investing in the future of the euro. Dominique Strauss-Kahn, finance minister, promised on Thursday that every baby born yesterday would receive 100 euros in a special savings account to mark the birth of Europe's single currency. That should cost the French Treasury about FFr1m, assuming that its forecast that French mothers would bring some 1,500 bables into the euro-zone on New Year's day is correct.
"I am sure that our children and our children's children

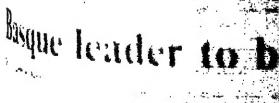
will reap huge benefits" from the euro, he said. .

Starting over

The launch of the euro thoroughly confused a clock in. Frankfurt, which had been showing the daily countdown ahead of the start of the currency. The clock showed the correct number of days, hours and minutes until midnight on Thursday, at which point it continued counting. Instead of going into negative numbers, the clock merely added another year to the countdown, and confidently stated yesterday that the launch of the euro was still 364 days away. A rehearsal, doubtless, for the millennium bug.

By Peter Norman in Brussels, John Authers in New York, Gordon Cramb in Amsterdam, Wolfgang Münchau in Frankfurt and agencies.





• • •

 $f_{n}(x) \leq c_{n}(x)$

2005. 100 mg

Last-minute cor

unpaid insurance claims.

Negotiators

Germans pressed over claims

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RODIARY

No. we

The \$9.7bn merger of Deutsche Bank and Bankers Trust faces possible delay at the hands of New York regulators over the German bank's role in the Holocaust, following a move by the World Jewish Congress (WJC) to delay a decision on blocking the deal.

The development adds to the pressure on Deutsche Bank and other German companies to agree a process for clearing up the Holocaust-era claims against them. This would possibly be along the lines of the international commission headed

broader settlement including other German banks and industrial companies, and probably the German government as well. This makes the talks between Jewish organisa-

Cuba's Revolution

can it live for ever?

Cubans have much to be proud of, but

there is a gap between Castro's rhetoric

n Havana's Museum of the of years, not ever," the 72-

Revolution, a large, year-old "Comandante" told

and reality, reports Pascal Fletcher

black-and-white photo

shows a youthful Fidel Cas-

tro - pistol at hip, rifle over

shoulder – entering Santiago

de Cuba on January 1 1959,

the day of the triumph of the

In another room, a sober

display case explaining

Cuba's one-party political

system proclaims the results

of the last national elections

on January 11 1998. Accord-

ing to the government.

7,534,008 Cubans, or 95 per

cent of the electorate, duti-

fully voted for a single list of

Like most museum exhib-

its, both items exude the

sume undefinable sense of

They also trace the histori-

cal trajectory of the 1959

Cuban Revolution, which

Forty years ago, the revo-

lution was the triumph of a

daring armed uprising by a

band of young idealists led

by Mr Castro. With popular

support, they toppled Ful-

rencio Batista's abusive dic-

tatorship and launched

far-reaching social, economic

and political reforms that

Today, the revolution

seems an entrenched and

besieged political institution,

one of the few single-party

communist systems left in

Still beaded by the indomi-

table but ageing Mr Castro. hailed by its supporters as

un example of successful

development in the third

world, derided by its critics as an intolerant dictatorship.

the institutionalised revolu-

tion is stubbornly resisting

intense pressure to change,

most obviously from the US.

ers insist the revolution is

not only alive and well, but

will live for ever. "It cannot

be crushed in days, or

months, or years, or even

Mr Castro and his follow-

the world since the collapse

of the Soviet bloc.

transformed the old order in

celebrates its 40th anniver-

Cuban Revolution.

official candidates.

distant unreality.

sary this week.

turns 40 - but

which was originally due by the end of last month. Elan Steinberg, executive director of the WJC, stressed by Lawrence Eagleburger, that his organisation still

a conference of young com-

To commemorate the 40th

anniversary, Cuba's state

media, locked into back-

ward-looking nostalgia, is

presenting the revolution as

a glorious unbroken history

of social achievements and

"anti-imperialist" victories.

eternally nourished and

renewed by popular support.

the rhetoric and reality.

Although there is a reservoir

of lovalty to the revolution.

away from official eyes and

ears many Cubans seem less

than enthusiastic about the

40th anniversary - espe-

cially those born after 1959.

"A lot of people just don't

want to know. They are

waiting for things to change.

In the meantime, they are

just getting on with their

lives," said Guillermo, an

Most Cubans feel a strong

sense of national oride and

identity, which the revolu-

tion, springing as it did from

national roots, strengthened

and enhanced in the face of

Castro's revolution put Cuba

firmly and dramatically on

the world map and it has

Cubans are also openly

social achievements of the and survival instinct than

freedoms as the right of majority, who earn Cuban

Some even see history tension and incomprehen-

proud of the undoubted

revolution - the literacy campaign, rural develop-

ment, free health care and

education systems - that

remain in place despite the

deterioration inflicted by

nt many harbour a

Sense of betrayal. They wonder how a popular

much freedom and well-be-

ing can have evolved into an

intolerant political system

which curbs such personal

political opposition or dis-

economic recession.

revolution that promis

engineer in his 40s.

stayed there.

But there is a gap between

munists in December.

ambitious, and lies behind

the delay to the decision,

former US secretary of state, hoped to announce progress which is trying to resolve "within about two weeks". He said: "We don't have a definitive answer yet."

have suggested that Deutsche The WJC has led the cam-Bank's Holocaust-era liabilipaign over Holocaust-era ties should be part of a assets in the US, and local politicians and regulators have looked to it for a lead. Last year's merger of UBS and Swiss Bank Corporation was delayed by New York banking regulators for several months until the WJC tions and the bank more

> US lawyers have sued Deutsche Bank, along with Dresdner Bank, also of Germany, and Bank Austria and Creditanstalt of Austria. over their role in allegedly

recommended it should pro-

handling stolen gold and in the "Aryanisation" of Jewish businesses during the second world war.

They have separately sued several German manufacturing groups over their use of forced labour during the

Lawyers for the victims have also made it clear that they are aiming for a broad negotiated settlement to resolve all the various outstanding claims as quickly as possible.

The litigation may move more swiftly after the controversial decision by a Manhattan judge to appoint Alfonse D'Amato, who led the campaign against the

Senate banking chairman, as a special mediator. He has been vested with the full powers of the court, and has been asked to broker an outof-court settlement

Deutsche Bank and the others also face the possibility of sanctions. Alan Hevesi, comptroller of New York city, last month recommended that the deal should not be allowed to continue until a Holocaust settlement has been agreed. Mr Hevesi co-ordinated a campaign threatening sanctions against the Swiss banks last year, and has refused to rule out a campaign in the case of the German hanks

EU farm spending

THE UNIVERSITY +F

Germany wants a deal on restructuring finances at a summit in March to open the way for the Union's expansion eastwards

Almost unnoticed amid the excitement of the launch of the euro, Germany yesterday began a critical six-month presidency of the European Union in which it is committed to fundamental reform of the EU's wasteful common agricultural policy .

Farm reform has emerged as one of the most important elements of Germany's plans for the urgently needed restructuring of EU finances known as Agenda 2000. Chancellor Gerhard Schröder wants this agreed by EU leaders at a special summit meeting in Brussels on March 24-25 as an essential preliminary to allowing east European countries to join the 15-nation group in the

We are going for broke, one German diplomat explained. "It's the end of March or nothing."

Delay in reaching political

next decade.

agreement on Agenda 2000 intil the next summit in Cologne in early June could mean that acrimonious wrangling over EU finances blights the campaign for the European parliament elections later that month. It could also jeopardise other important projects in the German presidency, including a pact to reduce Europe's anemployment, co-ordination of taxes on business income, savings and energy

EU institutions.

EU member states face a difficult task in agreeing gets that is strongly opposed plans in less than three months to limit spending on farm support and the structural funds that finance the Union's poorer areas. Progress so far has brought identification of differences rather than points of agreement. But without a deal, there will be no financial leeway to allow the far less wealthy nations of eastern and central Europe to start joining the EU after 2000.

Complicating the negotiations is Germany's own wish to see its net contributions to the EU budget substantially reduced from the pres-DM22bn (€11.2bn/ ent \$13.1bn) a year that makes it by far the biggest payer into the Union's coffers.

The Agenda 2000 negotiations are expected to be difficult and bitter, angering Europe's powerful agricultural lobby and pitching countries which otherwise have interests in common

Bonn sees Britain as a natural ally in its bid to cut farm spending, but they will be on a collision course if it presses for a reduction in the UK budget rebate negotiated in the 1980s.

against each other.

The Franco-German alliance, the core relationship in

the euro, and agreeing the der presses the case for "cooutline of future reforms of financing", a scheme for greater national responsibility in financing farm budby France, the main poten-

tial loser from the idea. Highlighting the importance of a farm settlement, two special committees of agriculture officials from the member states will begin meeting next week to begin preparations to meet the March deadline.

Joschka Fischer, German foreign minister, said this week that the Agenda 2000 negotiations would be a "tough nut to crack". But he declared he had returned with "cautious optimism" from his pre-Christmas tour of EU capitals to outline the German presidency's priorities. He detected a willingness among all EU partners to adjust their positions. "All want us to complete the reform package as quickly as possible," he said.

Helping the German government is a fear in national capitals that an acrimonious collapse of the Agenda 2000 negotiations would reverse the positive effects of the successful start of the euro and add to public disaffection with the EU.

"No one will want to take responsibility for a catastrophe," observed one senior diplomat in Brussels. On the other hand, when pressed, the EU, could come under he gave the talks only a 70-75 following the introduction of renewed strain if Mr Schrö- per cent chance of success.

French monopoly seen as curb on car auctions

Christophe Jakubyszyn

A French trade barrier going back to before Napoleonic times is thwarting plans for European Union-wide networks of used car auctions. British Car Auctions (BCA), the UK's biggest car auction group, is expanding rapidly in Germany, the Netherlands, Belgium and Denmark. But it is being full selling price of a vehicle excluded from France – one of the EU's biggest car marnumber of Frenchmen are allowed to act as auctioneers

of used goods. The same exclusion threatens to confront Manheim Auctions, North America's biggest vehicle auctions group, which is also preparing to create a pan-European network after buying several UK auction houses in the

past two years. Both BCA and Manheim are seeking to exploit what is potentially a huge new business activity within the EU, arising from fundamental changes in how value-added tax is levied. They believe 10m cars a year or more could go through auction houses in the EU in the long term, if a coherent infrastructure embracing all the big EU states were

allowed to develop. Some 2m cars a year aiready pass through the UK's 140 vehicle auction

Gore is first to enter 2000 race

houses, which provide a "clearing house" for both manufacturers and big fleet operators, according to Tom Gibson, BCA's chairman and

chief executive. Until recently, however, there has been no opportunity for them to develop in France and some other big EU states. This has been because of legislation requiring VAT to be paid on the whether sold at auction or by a dealer. As a result, most vately or through dealers selling on commission.

However, the EU market is being opened up everywhere by an EU Commission directive, issued in 1995, bringing the rest of the EU in line with British VAT rules, which require motor traders to pay VAT only on their profit margin.

The monopoly of the Frenchmen, known as commissaires priseurs, thus presents the last significant legislative obstacle to the development of pan-European car auction networks and has prompted a string of formal protests by BCA to the French government.

It is not only the car auction industry which is awaiting resolution of the commissaires issue. Sotheby's, Christie's and other foreign art and furniture auction houses will also be free to

commissaires' monopoly on auctioneering is dismantled. Despite complaints from several other non-French auction houses, the French government has been slow to change its legislation to end commissaires priseurs

A draft bill proposing to end the monopoly was adopted by the French government in July. The Justice Ministry recently said that more urgent business meant it would not be considered but that the government law after summer. "We'll believe it when we see it."

said Mr Gibson. One consolation for BCA and Manheim is that the bill does not contain - as previously feared - provision for a levy on all auction purchases to compensate the commissaires for their lost

Instead, the government has earmarked FFr450m (€69m/\$80m) of state funding to compensate the 456 com

Even after the end of the monopoly, all auction houses operating in the country will face another, if lesser, snag: monitoring by a new "council of auctioneers" and s requirement to have at least one employee who has gradusted from a French suction school or an equivalent Eil

turning full circle, with the sion among citizens who blamed by the government same revolution that eradi- were told for years they all on the US trade embargo Basque leader to be sworn in

By Tom Burns in Madrid

Juan José Ibarretxe, a 41year-old economist, will be sworn in as chief minister of Spain's Basque Country ceasefire in September, today, ushering in new hopes and uncertainties for a region where separatist violence has claimed more than 600 lives in the past 30 years. In a watershed vote, Mr Iberreixe, a member of the. puts self-determination mainstream Basque Nationalist party (PNV), was elected lehendakari by a 75member Basque parliament on Tuesday thanks to the support of Euskal Herritar-

trated by political allies of the outlawed militant Basque nationalist organisation Rta, which declared a

The decision by Eta's supporters to participate for the first time in the Basque parliament gives vital impetus to the region's fledgling peace process. But it also squarely on the political agenda and risks polarising the area's politics.

Mr Ibarretze is opposed by the Socialist party, which has in the past partnered the

ukar party, Spain's governing party. Both Madrid based parties fear that EH, which numbers former gunmen mong its deputies, will drive Mr Ibarretze into a collision course with the central government.

replacing them with others.

Acting more out of necessity

conviction, the Guban lead-

ership has reluctantly

opened the island to foreign

tourism and investment and

introduced some cautious

capitalist-style reforms,

including the 1993 legalis-

ation of the use of hard cur-

The two-currency system

is increasingly creating a

society of haves and have-

nots, in which those Cubans

with access to dollars can

emov a higher living sten-

dard than those, still the

This has generated envy,

The Basque business community is in addition concerned that the radicals will grammes and greater government intervention in a rock (Basque Citizens). EH is PNV in the Basque govern- support for Mr Ibarretze, ernment.

ment, as well as by the Pop- who will head a minority government with the small nationalist splinter group Rusko Alkartasuna (Basque 'Solidarity), is conditional on a shared commitment to work towards eventual Resque sovereignty.

A Cuban tieg over a balcomy at the weekend marks the 40th anxiverency of the revolution

cated so many injustices deserved equality. Serious and the world economic cri-

which largely disappeared

The reforms have whetted.

not quenched, consumer

appetites. Government

attempts to reduce inequali-

ties on ideological grounds,

for example through taxa-

tion, have exacerbated

rather than calmed frustra-

Cubans also deeply resent

being excluded from some

hotels and tourist installa-

tions reserved for dollar-

Cubans remains a struggle,

not just because of low peso

salaries and continuing food

and consumer shortages -

Daily life for ordinary

paying foreigners.

be making a comeback.

crime and prostitution, sis - but also because of con-

after the revolution, seem to private initiative and owner-

tinuing ideological curbs on

And while Mr Castro pro-

claims the undying nature of

the revolution, at the back of

everyone's mind is the lead-

er's mortality and the ques-

tion of what will come after

him. Will his departure be

bridged by a controlled tran-

sition leading to the emer-

gence of a more open.

reform-minded leadership, or

will it leave a dangerous vac

uum vulnerable to social

unrest and internal divi-

Live the Revolution!" reads

one propaganda billboard in

Havana. Cubans are already

wondering what this future

"The Future is Ours. Long

Pledging that his government will have the "irreyocable aim" of securing a definitive peace, Mr Ibarfuel public spending pro- retxe has already outlined a potential conflict with the Madrid government by buoyant local economy that stressing that peace is the is currently growing by responsibility of the Basque more than 4 per cent a year. country's politicians and EH has signalled that its institutions, not central gov-

Al Gore, the US vicepresident, yesterday gave formal notice of his intention to run for president in 2000. Papers notifying the sion that he had formed a and John Kerry, senator campaign organisation were posted, allowing him to start yet to declare formally. raising money for the camvaign.

Mr Gore is the first to declare formally his intention to run in a race he starts as the frontrunning Democrat. Bill Bradley, the former senator from New

senator from Minnesota. have both formed "exploratory committees" to help them decide whether to run. Other possible candidates, such as Richard Gephardt, the minority leader in the House of Representatives, from Massachusetts, have

Jersey, and Paul Wellstone,

John McCain, senator from Arizona, is the first Republican to create an exploratory committee, but the race is expected to be joined from the Republican side by prominent figures Lott's proposal would have a including George W. Bush, straight "test" vote on the

governor of Texas, Steve articles of impeachment Forbes, the publisher, and handed down by the House, Dan Quayle, former Mr Gore's prospects are

seen as closely tied to those of President Bill Clinton. Despite his looming trial in the Senate, Mr Clinton maintains approval ratings of more than 70 per cent in opinion polls.

A proposal by Trent Lott, the Senate majority leader, that an expedited trial of the president could take place has split the Republican majority in the Senate. Mr

without calling witnesses. If the Senate decided by a twothirds majority not to pursue a trial further, it would then move to consider directly an

However, the proposal has angered some conservative legislators, including House Republicans who want a full trial.

backing of most Democrat senators, said Tom Daschle, the Senate minority leader. "Most Democrats are supportive of a process like

Last-minute compromises behind Mexican budget deal

By Andrew Downle in Mexico City

The Mexican government's readiness to cut spending by \$1.4bn and the opposition's willingness to phase in a proposed company bicome tax cut and increase some import tariffs were the key factors behind Mexico's last-

gasp budget agreement. The new hill - passed only hours before the New Year's Eve deadline - was hailed as a success by the ruling Insti-

National Action party with less." (PAN), which united in Congress to ensure its passage. We now have adequate

public finances for the economy to keep growing in 1999," said President Ernesto Zedillo. Referring to the fall in world oil prices, Mr Zedillo added that in spite of the severity of external conditions this year and next year, "the accord does what and liberating price controls

tutional Revolutionary party for the losses. The challenge in some money, but, there which do not have a free- officials said. A further cent of GDP. If oil prices fall Last year's plunge in to fill by imposing a 15 per

world oil prices was a disas- cent tax on telephone ter for Mexico's budgetary planners. Sliding prices forced the administration to the PAN refused to negotiate cut spending three times in 1998 and presented Mr Zedil- it, saying it could affect forlo's team with headaches over where to raise the cash for 1999. Increasing petrol prices

charges. However, that tax was widely unpopular and any settlement that included

eign investment. Instead, legislators brokered a last-minute accord which filled the holes by from 34 per cent to 32 per imposing increased tariffs on cent this year and by a simiyear, the accord compensate on some foodstuffs brought goods imported from nations lar amount in the year 2000, cit at the proposed 1.25 per they did in 1998."

which the government tried

Mexico. That is expected to bring in around \$400m, while the cancellation of a proposed reduction in alcohol tax will swell the coffers by \$70m more. The parties also agreed to

save around \$500m by phasing in a 4 per cent cut in company income tax over two years. The rate will fall

increase in diesel prices. -The government also

agreed to cut spending by

\$1.4bn, taking this year's total proposed financial outlay to about \$103.5bm. The new budget predicts economic growth of 3 per cent and inflation of 13 per cent. While analysts see those targets as realistic, they are increase. Down the road less convinced the govern- they'll probably fail to

(PRI) and the conservative now consists of doing more was still a large deficit, trade agreement with \$120m is set to come from an further, it may be hard little about low oil prices but per cent to 1.42 per cent.

> over and over again that it cannot cut spending any more," said a Mexico expert. "That leads one to believe that the fiscal deficit could

. The administration can do pushed to prevent a scenario it can pass legislation to similar to 1998, when it cor- ensure such last-minute rected the target from 1.25 scrambling does not become an annual event, experts "The government has said said.

"For 70 years approval was guaranteed," said José María de le Torre, market analyst with J.P. Morgan. "Now that the PRI no longer rules Congress, we need to find out a way so that if the worst ment can hold the fiscal defi- achieve the target, just as comes to the worst the country is still going to run."

basis some years before and,

The state of the s

ment when I was led into eral more trials of a similar as that. the river on a temporary or so in each batch, would empanelled. But it was not as unbalanced as a fruit of justice, truth and the be selected to hear the case. to be. A fellow potential cake - the sort of misfit British way. Henry Fonda as is the way with The rest would return to the juror, who had earlier who in former times would eat your heart out.

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Nigeria abolishes dual exchange rates

Nigeria's military ruler, General Abdulsalami Ahubakar, yesterday announced long-awaited economic system designed to ease the reforms which could improve relations with foreign donors and encourage abolition of the two-tier of the buge sums of money investment with tax incentives and privatisation. Fulfilling a key condition

for international support through the remaining five months of transition to civilian rule, General Abubakar announced the immediate external debt. abolition of the country's

dual exchange rate system. Until yesterday privileged officials were able to buy dollars at about a quarter of military rulers and international financing institutions from which they are seeking ing standards, heralded by relief on an estimated \$34bn

The general's 1999 budget

speech contained gloomy to budget estimates total public sector, he added that for oil-producing areas. hard for impoverished Nigerians to stomach. their commercial value, in a Demand for regional auton- 54 per cent. In 1998, actual omy and a more equitable receipts from oil were about government's import bill but form of government have a third down on budget fore unrest long prone to abuse. The grown following revelations exchange rate removes the embezzled by the regime of most prominent hone of con- former dictator Sani Abacha. tention between Nigeria's who died in office last June.

lapsing revenues, an unpal-

atable prospect. According

Nigeria's 100m people will find a further decline in liv-Gen Abubakar said, and was unable to sustain current levels of \$2bn a year in debt austerity measures and col-

servicing. to spark protests from the fairer share of revenues

oil producer are expected to

drop in real terms in 1999 by

overall forecasts that may be earnings for Africa's leading the government could not honour commitments to raise civil service salaries by 300 per cent.

Further prospects of social multi-party, elections over The slump in world oil the next two months have demanded that froots and prices meant the govern- been raised by a worsening ment was obliged to cut pub- crisis in the oil-producing region by the New Year. lic expenditure dramatically. Niger delta, On Wednesday the government declared a state of emergency in Bayelsa state, and sent in extra troops to contain unrest by In a policy reversal likely militant youths demanding a

Local newspapers reported several dead in clashes between security forces and protesters from the liaw community, Nigeria's fourthdisturbing largest ethnic group. The most radical activists had oil workers leave their

There were no specific concessions in the budget to

CHINESE INVESTMENT AGENCY

Gitic debts exceeded \$2.5bn. admits China

Grandona International Trust and Investment Corp (Gitic). the Chinese investment agency, had debts of more than \$2.5bn when it was closed down - 25 per cent more than market estimates, according to an official Chinese maga-

Gitic's closure in October sent litters through the banking community as provincial government backing for the tics, or investment agencies, had previously been regarded as a cast-iron guarantee of debts being honoured. News of the extent of the debts comes just days before Beijing is due to issue guidelines on repayments, it has said that all registered debts will be repaid, and that foreign creditors will be made a priority.

Recently, the problems at Gitic have been revealed. The debts were not just \$1.8bn, they were over \$2.5bn," said Banyue Tan ("Twice-Monthly Chat"), published by the official Xinhua news agency. Banyue Tan also quoted Zhu Rongil, China's prime minister, as saying that the closure of Gitic did not negate the role of Guangdong - China's wealthiest and most free-wheeling province - in the couri-

Other problems blighting Guangdong's development include smuggling and black market foreign exchange dealing. In the first seven months of last year China uncovered foreign exchange irregularities involving \$12bn, 75 per cent of which originated from Guangdong, the magazine sald. Louise Lucas, Hong Kong

GERMANY'S ALLIANCE FOR JOBS

Schröder warned on pay policy

The leader of Germany's biggest union has warned that Chancellor Gerhard Schröder's "alliance for Jobs" could break down if it attempted to determine the size of indus-

Klaus Zwickel, head of IG Metall, called for the autonomy of wage negotiations to be respected. If pay policy became part of the "alliance for jobs" talks, he would "stand up and go". He also rejected suggestions by employers for linking profits to wages. The "alliance for jobs", which met for the first time in December, is an attempt to build a consensus among unions, employers and the state with the alm of cutting Germany's Am unem-

Mr Zwickel's comments followed an appeal by Werner Müller, economics minister, for union wage demands to take account of tax cuts and other measures to boost spending power introduced by the new Social Democratled government.

IG Metali, representing workers in the electrical and metal industries, is pushing for a 6.5 per cent wage increase in 1999. Ralph Atkins, Bonn

FRENCH VIOLENCE

Cities see New Year rioting

Outbursts of rioting in a number of French city suburbs marred New Year's Eve celebrations, but police said yes-

terday the violence was less than last year. Some of the worst clashes were in the eastern city of Strasbourg, where police arrested 23 people, including 19 minors, after rioters set fire to 43 cars and wrecked several telephone boxes and bus shelters. The city's prefect, Patrice Magnier, said the destruction was down a third on last year. In nearby Mulhouse more than 20 cars wereburned out and a supermarket was badly damaged by an arson attack. On the western side of the country, 12 cars cars were destroyed in Bordeaux, and police reported disturbances in a number of other towns, including Le Havre

and Rouen. Rioting in underprivileged suburbs has become a feature of recent New Years in France. Reuters, Strasbourg

AGRIBUSINESS EXECUTIVES LOSE APPEAL

Price-fixing sentence upheld

against three former executives at Archer Daniels Midland, the big US agribusiness company, who were found guilty of price-fixing last summer.

The three include Michael Andreas, son of ADM's chair-

Bureau of investigations "mole" within the company, but is already serving a nine-year jail sentence after pleading guilty to defrauding ADM of millions of dollars.

The three were convicted of conspiring with Asian coma market worth \$600m a year. Much of the prosecution found "an abundance of evidence" to support the jury

New Year ushers in year of decision for Australians

Gwen Robinson reports on the growing momentum to break with the British queen

he headline yesterday the University of Queenssaid it all: "Welcome to land. the most important year in your life." It referred to the monarchy probably owes the question of whether Australia should cut ties with the British monarchy and become a republic, on which Australians will vote this any second-class status", he

year in a referendum. in a country struggling more than ever to come to eccentric old aunt we don't terms with its British colonial history, its convict past and its growing multiculturgrowing bigger. It comes up almost every day in newspapers and television, with prominent personalities, ment for the first time will from investment bankers to movie stars, airing their

More than a few critics trallans favour a republic, ave noted the irony of such have noted the irony of such a referendum taking place in one of the Commonwealth's youngest countries, led by a conservative, pro-monarchy prime minister and featuring one of the most ethnically diverse populations - one in every seven Australians was burn overseas.

Unlike Canada, which has been comparatively relaxed about retaining the British queen as head of state, Australia's relationship with Britain is deeply emotional. "There is very little living link between Canada and the UK, and not at all the closeness and contact that charactorise the Australia-UK society. Some also being relationship." said Peter Juli. a Canadian academic at help appease Quebec ting the question to a national poll. The vote prompted one delegate, a constitutional lawyer, to proclaim the British monarchy "dead and festering on the

In Canada, the survival of soil of Australia". most to the fact that it is John Howard, the conser vative prime minister and an "not seen or felt by angloavowed monarchist, recently phone Canadians to be an imposition, or symbolic of claimed that Australians had "no great interest" in the said. "Britannia is a rather republican issue and blamed charming and delightfully edia hype. But after his reelection last October, he said he would carry out his see very often any more." pledge at the constitutional The referendum will be unique in Australia convention to put the ques-

bly by November this year. nature of the change it Mr Howard has repeatedly vowed to oppose the republican push. His conservative Liberal-National coalition, however, is divided over the issue, with many committed republicans within its middle and upper ranks. The Labor opposition, meanconstitutional convention while, has hitched itself last February voted over-

tion to a referendum, proba-



fatally, with some 20 sepaby Paul Keating, the former rate republican groups pushprime minister who proposed a republic nearly a decade ago.

The republican movement

whelmingly in favour of put-firmly to the republican is also divided, perhaps

Monarchy issue fails to excite Canadians

testing public response to an initiative for removing the British queen as head of state, writes Scott Morrison in Toronto.

because of the fundamental

would make to the constitu-

tion and because the govern-

not take an official position. Opinion polls have consis-

tently shown that most Aus-

Those in favour argue that the British crown no longer reflects the values and history of Canada's ingly multicultural society. Some also believe that such an initiative would

Canadian federal officials are separatists, and others say severing royal ties would put an increasingly confident Canada on a more independent path. Monarchists, meanwhile

> wax eloquent about history and tradition. But the debate has falled to spark an emotional response among the public. A recent poil found that 48 per cent of Canadians would prefer to have a Canadian

cent went to keep the monarchy. But the poll also showed the issue was not very important to Canadians

Most do not harbour any resentment against Britain. nor do they consider the British crown to be a threat to their national identity. If anything, Canada's bond. with Britain serves as a counterweight to the influence of the US.

ing various models for a republic. The debate between the groups roughly divides into two sides: those who want direct, popular election of an Australian president and those who want parliamentary appointment, known as the "minimalist model".

The driving force behind the minimalists is Malcolm Turnbull, the former lawyer who took on the British establishment in the Spycatcher trial of the early 1980s, when he defended the right of former M16 agent, Peter Wright, to publish his memoirs. Mr Turnbull, now chairman of Goldman Sachs

his followers "the Turnbutlies", after their leader's notoriously aggressive style. Despite clear signs that most voters favour a republic, the referendum rules may defeat popular will. Any referendum must be passed

Other republican groups

have irreverently labelled

who support direct

by a majority of voters in the majority of the six states, giving a disproportionate voice to smaller states such as Tasmania and Western Australia.

The most important factor. however, will be Mr Howard's role. Of 42 proposals to change Australia's constitution since 1901, just eight have been approved in Australia, is also chair and none has succeeded man of the Australian without the prime minister's Republican Movement. support.

ment on Israeli troop with

drawals before final

Total Israeli demand for

gas is expected to reach 4bn

approval was given.

Yemeni account Egypt to pipe gas to Israel of hostages' Egypt's leading gas suppliers deaths doubted

By Robin Allen in Dubai

Australia vesterday sent a senior diplomat to Yemen to press for details of how four tourists, one Australian and three British, died in a raid, saying there had been shootout between Yemeni kidnappers and security

Office expressed dissatisfaction because it had not received a full account of the tages' accounts, which differ shootout at Mudiyah, a from the official version. mountainous area in the south-central province of Abyan, Yemen's ambassador in London was summoned yesterday, for the second time in two days, for information on the gun battle. The Foreign Office said Yemen had not co-operated in providing a full account.

A group calling itself the "Aden-Abyan Islamic Army" claimed credit for the kidnappings. The "group" claimed it had seized the tourists to stop "western aggression" against Iraq. According to Yemeni offi-

cials, the abductors were part of a group of Islamic militants demanding the release of one of their jailed leaders. The incident. according to Yemeni and western analysts, could have renercussions for Yemen's relations with the west. It was the first time in

Yemen that "Arab the best of times, analysts Afghanis", Islamic activists say, Yemen's security forces who tought in the war against the Soviets in Afghanistan, may have been involved in kidnapping westerners; and the first time abductions of foreigners in Yemen have resulted in deaths, or been carried out for anti-western political reasons rather than tribal finan-

In the Yemeni capital San'a, senior officials claimed the army's "quick action" on Tuesday, helped secure Thursday's unconditional release of four German hostages who had been held by tribesmen for more than three weeks in a moun-

tain village 100km east of

On Thursday evening. Yemen's interior minister Hussein Mohammad Arab, defended the security forces' no time for negotiations as the kidnappers had already started killing the hostages. The Australian move came "A civilian in a state of after the British Foreign panic cannot establish what goes on around him." he said, referring to the hos-

According to a western diplomat, reports were emerging of survivors coming under pressure from Yemeni officials to change authorities' version. Survivors' accounts of the

bungled rescue operation are supported by independent Yemeni observers and westerners resident in Yemen. who say discipline in both the army, which includes many conscripts, and among the paramilitary interior ministry forces is notoriously lax and morale low. "Soldiers are lucky if they get paid at all," said one resident businessmen, "and the money is a pittance any-

Most of the army is made up of northerners, who regard the southerners as traitors for their 1994 attempt to secede. Even at are always prone to shoot first and ask questions later.

feared and hated as a northern army of occupation, whose soldiers compensate for their lack of pay by indulging in arbitrary arrests and Mafia-type extortion, often by setting up road blocks in remote southern

areas and imposing "taxes". Now, even though the governinent can claim a short-term success over the extremist group at Mudiyah. it is still left, with daunting loncer-term social, economic sectaman and political prob-

are planning to pipe Egyptian gas to Israel after both governments gave assuring the first energy pipeline between Israel and its Arab neighbours.

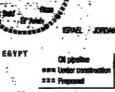
BP Amoco and Eni of Italy establish supplies from want to pipe Egyptian gas across the Sinal desert to three Israeli coastal power

Under the plan, a pipeline being built by Eni to supply gas to the Palestinian Authority area of Gaza be extended to

Israel.
"As far as BP Amoco and Eni are concerned, we have all the approvals necessary. sell gas to Israel.

No agreement has yet been signed on the planned supply line, but both companies are working on the ances there was now no assumption that it will go political opposition to build- ahead. A key israeli consideration is that it does not want to rely solely on Egyptian gas, leading it to try to Turkmenistan to be piped

through Turkey. Both BP Amoco and Eni operate concessions in Egypt in partnership with the state-owned Egyptian General Petroleum Corporation (EGPC). Since June, both have been permitted to sell their gas on the open mar-ket, but have awaited Egyptian government approval to Strained relations between



slowed the pace of negotia-Amoco in Paris on December cubic metres a year by 2005 and 12bn by 2015 as its coalfired power stations are converted to gas. A second trans-Sinai pipeline is expected to be built to Jordan creating a substantial regional market for Egypt, whose gas reserves are put at 36.000bn cubic feet by EGPC.

We are looking at sales to Jordan, Israel and other eastern Mediterranean countries which could approach 500m cubic feet per day, up to 1bn cubic feet per day within five years," said Art

move ahead was agreed at a meeting between senior officials of the Israel Electric Company, EGPC, Eni and BP being adjacent to Egypt," an the two governments have 16. All sides had awaited the marketing.

McHaffie, BP Amoco-Egypt official responsible for gas

A Chicago judge has refused to reverse the convictions

man, Dwayne Andreas, and Terry Wilson, who headed ADM's com-processing operations.

The third is Mark Whitacre, who worked as a Federal

petitors to fix the price of lysine, an animal feed additive in case rested on tapes and recordings made by Mr Whitacre while working for the FBI. Judge Blanche Manning's ruling conviction, and paves the way for sentencing in February.

LIVING WITH SANCTIONS LITTLE TO CELEBRATE WITH THE NEW YEAR LIKELY TO BE WORSE THAN THE OLD

Life for Iraqis set for further degradation

to celebrate a new year. The market sees the next 12 months as gloomy and painful. Two weeks after the US and British air raids, Mr Qassim, like most traqis, is bombing. He believes it may Arab world, lived off their everything they owned to est worry is the kind of socicome in 15 days when the savings. Then they began to holy Moslem month of Ram- sell their possessions and adan ends. "This year will be take on extra jobs. Many pul- dan. "We were well off 10 much worse than the one led their children out of years ago, my husband had a that passed," predicts Mr school and sent them to boutique," she says. "Now Qassim, "but each year in work. And as their living he has had to sell it and he this decade has been worse standards deteriorated, they spends his days selling the than the previous one." Time has become a and heard bizarre stories of the streets."

Since the 1990 Gulf war and the imposition of United Nations sanctions, each new year has taken iraq a step backwards, deepening Iraqis' isolation. In the first years of the

embargo, Iraqis, who had enjoyed one of the highest

ders over pos Maria Habib spent last year trying to find money to year-old son, who has brain damage. Since he fell ill at seven months old - she says because of malnutrition she and her mother have praced for another round of standards of living in the had to part with almost pay for the medication only found in neighbouring Jor-

families torn apart by mur-

Janine Jazraoui, a gynaedare think about the future. "It is as if we were being slowly taken back to the stone age," she says. Mrs Jazraoui tells how her life has gone downhill since 1990. I have had to sell my

car and my jewellery. I work longer hours, but my greatety my children are now being brought up in," she says. "My son [a teenager] than thinking about school." As a doctor, her biggest watched the crime rate rise remaining family clothes on disappointment is when she

uled for January 24.

Arab states remain doubt-

cologist, says she does not progress here. My scientific because 1998 had raised knowledge stopped 10 years ago and even that I have begun to forget," she says. Books she has access to date from the last decade. Com-puters are archaic and the internet a concept no one knows what to make of. Even satellite dishes have yet to reach Baghdad Deeply nationalistic and

cut off from the rest of the world, Iraqis have been subhave to fight US conspiracy. remains in power. That 1999 could be met

hopes for an end to sanctions. The Iraqi regime's calls to end the sanctions embargo began to take hold outside Iraq. Last February, Kofi Annan, the UN secre tary general, told Iraqis Since the four days of air raids last month, Iragis now spends his time trading his "jected to government rheto- understand the US will not clothes to earn money rather ric telling them that they are agree to lift sanctions as alone against the world and long as Saddam Hussein They also know he is not

Mubarak says Saddam is ignoring people's plight

iraq's rift with Arab states widened yesterday when Egypt's President Hosni cism of Saddam Hussein's regime".

Mr Mubarak blamed the

government in Baghdad for

ignoring the plight of the

ing regime there is the cause

US and UK strategies to pre- week drew a torrent of abuse ful about the effectiveness of

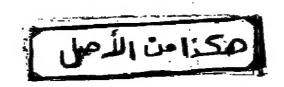
Iraqi people. His criticism Mubarak told the Egyptian the 22-member Arab League mined not to allow Iraq to Egypt regards the recent followed his candid state- government daily newspaper has decided to postpone a divide regional opinion. ment this week that "the rul- Al Ahram yesterday: "It is high time the Iraqi regime of all problems. Egypt, of took responsibility for the UK bombing raids on Iraq. Mubarak intensified criti- course does not support that suffering it has brought The meeting is now sched-Iragis."

While apparently rejecting His criticisms earlier this cipitate the overthrow of from Iraqi government offi- the 72-hour bombing cam-

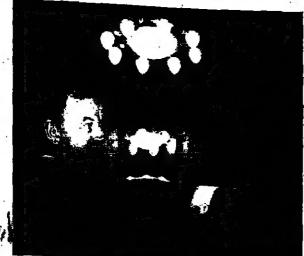
meeting of Arab foreign ministers to discuss the US and

Jumhourtya this week.

Tariq Aziz, Iraq's deputy publicly opposed, as underprime minister, singled out mining its regional prestige Mr Mubarak in a virulent because of its close ties with attack in the Iraql govern- the US. Equally, it resents. ment-owned newspaper al- the Iraq regime's apparent determination to foster Mr Mubarak's response regional instability with the yesterday marks a big rise in aim of entrenching its own . President Saddam, Mr clais, who are incensed that paign, but are also deter the political temperature. power. and the second



K companies to receive ethical guide



Brenden Corr

By Andrew Parker, Political Correspondent

UK companies investing abroad are to receive a manual from the Foreign Office advising on best practice, such as protecting the enviromment and rejecting child labour.

Robin Cook, the foreign secretary, has asked the Foreign Office's global citizenship unit to produce the manual as part of his drive to provide an "ethical dimenn" to UK foreign policy. Separately, the UK has Africa. signed an Organisation for Economic Co-operation and praised the "corporate

combating the bribery of

In a potentially controver- track record in responsibility things on your 'to do' list sial move, officials said the overseas are being consulted making links with local clobal citizenship unit was on the manual's terms consulting aid charities of reference, together with about what the manual non-governmental organisashould contain to ensure tions.

hook, line and stoker what completed early this year. Mr Cook particularly wants to assist small and the business community would like us to emphasize". The unit is working medium-sized companies. In a speech to the Prince of Wales' business forum last closely with International Alert, a non-governmental organisation that has November, he said: "It is attacked business exploitaeasy enough for the BPs and Shells of the world to contion of natural resources in duct environmental assess-Mr Cook has previously ments and become active

> for smaller compani "When you are in a new

Weish whisky could finally

make a comeback - 80 years

after famous local distillers

such as Jack Daniels were

forced out of Britain by the

Methodist church temper-

Plans to revive whisky dis-

tilling in Wales have been

drawn up by the Welsh Com-

pany, after the courts ruled

last year against Welsh whisky producers importing

ance movement.

whisky galore

The manual should be

groups and environmental experts might seem too much of a bassle. This is where our embassies can

Copies of the manual will be made available at British embassies and consulates, which Mr Cook has asked to play a greater role in trade promotion. Manuals may be tailored to the circumstan of individual countries.

The Foreign Office said the manual would offer "practical, down-to-earth global citizens. It is less easy advice with global application to British companies wishing to operate over-

Scotch Whisky Association,

which last February won the

right in the High Court to

sue over rebranding Scotch

of the new company and pro-

fessor of small businesses at

Cardiff University, says this

time the directors have

£120,000 of their own money,

a £75,000 bank loan, and

In addition, they have €1m

(\$1.19m) from Europe to

develop a new single-step

distilling system to replace the normal two-stage pro-

cess. Spirit not used for

other products, such as a

cream liqueur, will be

matured for three to eight

years in aged bourbon casks

possibly from Jack Daniels,

or from Evan Williams

another former Welshman

who moved his distilling

In the first 18 months.

£40,000 will be spent market-

ing the spirits as "patrioti-

cally" local and as tourist

gifts. Special products will

also be launched to tie into

the new Welsh assembly and

the Rugby World Cup in Car-

business to Tennes

diff this year.

have applied for state aid.

Brian Morgan, a director

NEWS DIGEST

ILLEGAL IMMIGRATION

Vehicles may be seized under planned new law

Trucks may be impounded if they are used to carry illegal immigrants into the UK, the government announced today. Drivers or owners of the commercial vehicles will have to pay, or prove they have the means to pay, a £2,000 (62.800, \$3,360) fine for each illegal immigrant before their vehicles are rele

Mike O'Brien, a Home Office minister, said an estimated 8,000 illegal immigrants entered the UK in the back of trucks in 1998. "It must stop. We asked drivers to check loads and they have not all done so," he said, adding that non-UK registered vehicles and drivers would not be exempted from the planned legislation.

Geoff Dossetter, of the Freight Transport Association, said the proposal to impound trucks was "preposterous, ludicrous and crackpot". The Road Haulage Association has described the proposals as "outrageous" and "unworkable", Andrew Parker, London Dr George Carey, the Archbishop of Canterbury, in his new year message yesterday called for tolerance for people seeking asylum. He pointed out that Jesus was "history's most well-known refugee".

COMPANY INSOLVENCIES

Survey reveals upward trend

Company insolvencies are set to rise in 1999, having already increased rapidly in recent months, according to a new survey. The study, by Deloitte & Touche, the accoun tancy firm, showed an upward trend in receiverships and

companies put into administration. The survey found that the number of companies on the brink of collapse in November increased for the third month running, with 134 companies having receivers and administrators appointed. The previous November saw 86 such appointments.

The highest number of failures were in London and south-east England. Manufacturing companies bore the brunt of the problems, followed by construction, transport and distribution. A breakdown of business sectors found 38 manufacturing administrations and receiverships, 15 in construction and 15 in transport.

Interest rates have been cut by a whole percentage point since October last year, a move which has been welcomed by British business. The survey was compiled from figures published in the London & Edinburgh Gazettes.

ROYAL ACADEMY EXHIBITION

Monet breaks tickets record

Claude Monet, the "father of impressionism", has broken the record for the most advance tickets ever sold for an art exhibition in Britain. Organisers of the Royal Academy exhibition in London said that almost 100,000 people from as far away as Hawali and Hong Kong had applied for tickets to the "Monet in the 20th Century" show which opens on January 23.

"This is the highest number of tickets ever pre-booked for an art exhibition in the UK," the academy said. The exhibition, which has already been seen by 550,000 people at the Museum of Fine Arts in Boston USA, groups together 80 paintings from the French artist.

shoppers 'pay less for PCs' Welsh hope for

By Paul Taylor in London

Diction

China

on pay polo

Year rioting

LOSE LPPEL

e upheld

ation

British shoppers still pay considerably more for PCs, handheld computers and printers than their US printers than their US ada, was 35 per cent more-counterparts in spite of expensive in Dixons, the UK recent price cuts, according retail group that ewns PC to a UK-based computer

The study, by Computeractive magazine, will fuel PC stores. the debate about Britain's The mag etail PC prices. It claims to now that shoppers in the UK are often charged hundreds of pounds more than US consumers for the same

The threat of a legal

The Financial Services

launch a £10m advertising

authority will on Tuesday review.

dia PC system - a standard including Tempo and Argos, home PC system - which charged similar prices to cost \$1,254 in Puture Shop, a Pixons. However, it added retail chain with stores World, Dixons and Currys. In April last year, Dixons acquired the Byte chain of

The magazine notes that the machine sold in the US even had a larger hard drive and twice as much memory as the machine sold in the UK. However, it did not include the same softwere. The magazine found other

already overseen the review

urgent cases were unfair and

said it would seek a judicial

challenge to the pensions of many of the mest urgent try commentator.

mis-selling review appears to \$80,000 misselling cases, was have receded, in spite of attacked last year by the warnings that the £14bn Independent Financial (\$23.5bn) compensation bill Advisers Association. The

will put many small firms of trade body cisimed the rules

financial advisers out of for assessing the 2m non-

that vendors such as Gatethroughout the US and Can way, which sells PCs by means or over the internet on both sides of the Atlantic, charged almost the same in the US and UK. ne or over the internet A. Gateway G6-850 multi-

media PC was 2 per cent more expensive in the UK than an identical machine sold in the US. UK igtailers insist they

face higher costs than their US counterparts. But Dylan Armbrust, deputy editor of Computeractive, said: "We don't think that any extra Pentium II 350MHz multime UK high street retailers, costs of doing business in relative pricing.

possible mis-selling victims, in train. "I don't think they of blatent folly and, frankly, The regulator, which has ever intended to carry out commercial incompetence."

their threat," said one indus-

review of non-urgent cases is

perceived to have damaged

the independent financial

advice sector. Patricia Hew-

itt, economic secretary, said

last year the campaign

showed a "total disregard for

customers' welfare". She

The fight to stop the

the UK are big enough to justify the large price differences between the US and the UK." The article follows claims

by BP, Cadbury and Shell in

we are not simply taking

by leading PC manufacturers, such as Compaq Computer and Fujitsu, that PC prices in Britain are out of line with those in the US and much of the rest of

Europa. John Clare, Dixon's chief executive, has written to Peter Mandelson, former chief minister for trade, and John Bridgeman, directorgeneral of the Office of Fair Trading, saying he would "welcome any inquiry into

and the Large Intermediaries

Group, which between them

represent firms with about

40 per cent of the IFA sec-

the spirit from Scotland. Half the cost of the £400.000 (€571,000, \$670,000) scheme has been raised and Threat recedes to mis-selling review backers hope to start distilling later this year, so the first bottles will be ready to drink in 2002. In the meantime, the company plans to sell other liquors, launch a Many of the biggest firms new mineral water, take on of independent financial contract bottling for other advisers are distancing brands and open a visitor themselves from the IFA centre near Brecon, creating Association's stance. The Large Networks Association

up to 18 full-time equivalent

However, sceptics point out that successive promises to open a distillery have so far failed. "There's no distilltor's £2bn turnover, are ery in Wales, there has But it is understood that said: "Following the IFA backing proposals to set up a never been . . . and I don't campaign aimed at up to 2m no legal action has been put. Association would be an act. rival to the IFA Association. believe there will ever be,"

MAMMALS REPLACED THE DINOSAURS



or so in each batch, would

court and very nearly nature and was, in any case, empanelled. But it was not as imbalanced as a fruit be selected to hear the case. to be. A fellow potential cake - the sort of misfit The rest would return to the juror, who had earlier who in former these would

Thus did I serve the cause of justice, truth and the British way. Henry Fonds

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FINANCIAL TIMES

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Saturday January 2 1999

Running out of puff

Throughout the violent of European economic and mone upheavals in financial markets in tary union 1998, there has been one excentionally robust force for global stability. The US economy has once again proved its worth as a powerful locomotive for the rest of the world. The question for markets at the start of 1999 is whether that engine will run out

Certainly a slowdown looks inevitable, if only because the forces that have been driving the US economy appear to be unsustainable. That can be seen by looking at the behaviour of US consumers and corporations.

Over the past year. Americans have borrowed enthusiastically on the basis of the increased collateral provided by unrealised capital gains in the stock market. This has caused the household savings ratio to plunge into negative territory.

The result is an unstable equilibrium. A rising stock market ensures continuing strength in consumer demand; yet the could suffer collateral damage. savings ratio cannot remain negative for ever. Nor can equity markets be expected to rise continuously from a level that is already heady by historic yardsticks. So if the market should fall sharply, there is a risk that Americans will start to rebuild their savings and that the economy will stall.

The US corporate sector has witnessed another virtuous circle, which gives rise to similar problems. Thanks to the wealth effect from rising asset prices, the share of investment in US gross domestic product has risen to exceptional levels. At the same time, companies have been buying a sizeable chunk of the equity market as a result of megamergers. This, in turn, has

pushed stock prices higher. Yet corporate investment is now turning down in the face of declining foreign demand and a profits squeeze that the equity market has yet to acknowledge.

Interest rates

This is now looking like a tired bull market. Without the Fed's decision to cut interest rates in ponse to the financial turmoil of August and September, the Europe has never been harder to game would probably have been predict. Yet the US market does up. But thanks to the interven- look vulnerable to a slowing tion remains: what could cause owe too much of their strength to single market in Europe. shoes, between European counexpectations to change and the the unhealthy belief that Mr Exchange rate costs and risks, tries. The euro will make such with widely different levels of unification in 1990. But it turned market to go into reverse?

tal flows, upheavals in currency markets are often the harbinger average American investor's nesses in the US. of changes in the securities mar- equity holdings is way below kets. And the scope for such present values. It will take quite starting with the bold experiment

The arrival of the euro poses seismic challenge to the dollar the first real such threat since sterling lost its pre-eminence after the first world war.

Consider. While the US accounts for only a quarter of world production and a fifth of international trade, it is the vehicle for nearly three-fifths of all currency reserves. And the US dollar is on one side of more than four-lifths of all foreign exchange

Dollar storm

Conventional wisdom expects little shift out of the dollar into the euro until the new currency has gained credibility in the mar kets. Yet many forecasters expect the US current account deficit to reach 31/4 per cent of GDP in 1999, which could make the euro look a tempting haven in a potential dollar storm. Wall Street

At the same time the recent strength of the yen and the collapse of the Japanese government hond market raise awkward questions about global capital flows. Out of the window go central assumptions on which people have borrowed in yen to invest in dollar markets - namely continuing yen weakness and negligible yen interest rates. A form of arbitrage that has helped liquify the world economy and world markets is thus under threat.

Currency forecasts are always dangerous. If, as seems all too likely, the Japanese economy fails to return to a normal growth path, a return to ven weakness will be inescapable. As for the dollar, investors may conclude that the deterioration in the external account simply reflects weak foreign demand, which will ultimately correct itself. The sums involved in financing the deficit are, anyway, smail in global terms.

In Europe, no one can be sure how effectively the European Central Bank will invent a monetary policy for all 11 countries in the euro-zone.

All in all the nattern of capital flows between the US, Japan and of Mr Greenspan, the ques- economy; and US stock prices With the globalisation of capi- of the risk in holding equities. a shock from whatever quarter to

break the bullish psychology.

The experiment goes live urope's great experi-ment has begun. While

Peter Norman analyses the forces shaping the creation and future direction of Europe's single currency most people celebrated the new year, 11 proud nation states voluntarily pooled a

huge part of their sovereignty to create an economic and monetary Few of the euro-zone's 290m citizens will have noticed the differ-Emu initially takes the form of an irrevocable locking of exchange rates. For the next three years, the D-Mark, French franc, Dutch guilder, Italian lire and other national currencies of the participating European Union countries will continue to be legal tender. Only in 2002 will they be replaced by euro notes

and coins. But it is difficult to exaggerate the importance of the new single currency. Over time, the curo is sure to affect the lives of everyone in the EU.

It is a venture unprecedented in the history of mankind ... Never before have so many countries embarked on an economic and monetary union, having made so little progress towards political union. In essence, the participants have agreed that regions as varied as eastern Gerany and the Paris basin, northern Finland and the south of Spain, can and should operate with a single short-term interest rate determined by an independent central bank in Frankfurt. Instead of being underpinned by a single constitution, Emu will be buttressed by a web of

treaty and contractual ties. Emu is a typical European creature of compromise, held together by the convergence criteria of the 1992 Maastricht treaty and the stability and growth pact agreed after much haggling among EU leaders in December 1996. It has often been depicted as a leap in the dark. It is fortimate that its launch comes in benign circumstances.

Thanks partly to the efforts of the participating states, the single currency is being born at a time of low inflation, moderate growth and gradually declining

A positive responsisal of Europe's social market economy, following the debacle in east Asia's tiger economies, has given the project added credibility. Financial markets have turned a blind eye to potential problems on the periphery of the euro-zone, where Ireland, Spain and Portugal have had to cut short-term interest rates sharply to 3 per cent - the uniform rate for the euro - despite worries that inflation in these countries may not

be wholly under control. With France and Germany in recovery, the rigours of meeting the tight budgetary constraints of convergence criteria have given way to hope of investment-led growth. The euro is an important Greenspan has eliminated most until now a bug bear for export-

Financial markets are adjusting rapidly. Europe-wide equity markets denominated in euros are on the horizon. The public bonds of the participating countries are being redenominated in euros over the weekend.

Among large companies, the in a bigger market devoid of fluctuating exchange rates has unleashed an urge to merge across frontiers.

Emu was a potent force behind the takeover of Banque Bruxelles Lambert of Belgium by ING of the Netherlands more than a year before the single currency's launch. European integration was one of the reasons advanced last month for the merger of Hoechst of Germany and Rhône-Poulenc of France to form the Aventis life sciences group.

Consumers should be clear winners from the increased competition that will accrue from the greater transparency of prices, even before national currencies are completely replaced by the euro. A survey published last month by BEUC, the European consumers' organisation, found wide variations in prices of consumer goods, such as electrical appliances, video equipment, cameras, clothes and sports variations more "obvious to coners throughout the EU, will be of sumers" and "should help reduce Even so, the book cost of the as little significance as for busi- price differences", according to Jim Murray, director of BEUC.

The euro will mean profound economic, social and political change but at different speeds in

The euro-zone will continue to evolve on two levels: the political and the private. Unless disaster There is no mechanism for sublooms, private enterprise will continue to anticipate the inteble with the US. The EU budget's grated Europe that many politicians still besitate to support maximum of 1.27 per cent of

Politicians and the euro will continue to generate headlines. But as the great experiment goes forward, the private sector encompassing individuals, companies and markets - will make Emu's economic momentum is

well established. The favourable squabbling among EU member economic conditions could well last long enough for some, if not all, of the present outsiders - the UK, Denmark, Sweden and Greece - to come aboard.

This is not to say that Emu will not be tested. When the euphoria has worn off, we will be able to judge whether a single monetary policy can work satisfactorily over so large an area. The recent stability of euro

area exchange rates suggests the differing economies in Emu may be able to co-exist without the buffer of exchange rate fluctuations. But it is far less clear that productivity and labour market flexibility.

a single currency area are legion. As a conglomeration of ancient cultures, it lacks a common language - one of the most important conditions for the vast and

Steel

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project of political visionaries. quite alien to many brought up in the more pragmatic Angio-Saxon tradition Gerhard Schröder, Mr Kohl's

successor, has frequently remarked that the euro's launch means that Emu's "strategic heights" have now been occupied. It falls to a new generation of leaders, who grew up without direct experience of the second world war, to take the EU forward in the light of what has been achieved. Does this mean that the euro

will lead to an ever closer EU with a constitution, as European idealists such as Joschka Fischer. the German foreign minister, hope - and Britain's largely Eurosceptical press fears? Condoes the launch of Emu signal a high water mark for European integration, leaving the BU to turn to other adventures, such as enlargement to include the former communist countries of eastern and central Europe? Until a year or so ago, it looked

as if the euro would mark a temporary peak to integration. Pan-European ambitions were already in retreat during the Maastricht treaty negotiations, which failed to mark a significant step towards political union. On issues of foreign and security nolicy and law and order, EU member states show a clear preference for developing policies along intergovernmental lines. But the 1997 Socialist victory in

France and last year's election of a Social Democrat-led coalition Bonn have given new impetus integration through the co policies. Lionel Jospin, the French prime minister, Mr Schröder and their respective finance ministers, Dominique Strauss-Kahn and Oskar Lafontaine, have put the "e" for economic back

Their goal is to move towards an economic, social and environ-'social dumping".

The problem of une largely ignored at Maastricht, has moved up the political agenda, posing a challenge to the European Central Bank which is obliged by treaty to give priority to fighting inflation.

government in Bonn will add to pressure for further integration in tax policy. Its programme calls for an "effective minimum taxation" of companies and savings. Its plans for an "ecological tax reform", which would ease the taxation of individuals and boost taxation of natural resources, are contingent on EU co-ordination. Looking further ahead, both Mr Lafontaine and Mr Schröder back

ine that a European superstate is gling over RU budget contributions shows how Europe's new political generation has no urge It was the single currency's to sacrifice national interests on political significance that moved an altar of European integration.

flexible labour market of the US. Unlike the US, the euro-zone

has hardly any fiscal safety net.

stantial fiscal transfers compara-

own resources are limited to a

gross domestic product. Alert to

German concerns, the drafters of

the Maastricht treaty included a

"no bail-out" clause, which was

later given teeth through the sta-

bility and growth pact, to limit budget deficits. The revived

states about who pays for what

has underlined a determination

to undercut this ceiling on the

part of many rather than any

rather than economic, in charac-

hard to be fit to join, for fear of

being branded second rate.

ut such worries miss

the main point of Emu.

It has always been fun-

damentally political,

political will to raise it.

mental union. They are convinced the euro will benefit the mass of the euro-zone's citizens only if it is underpinned by policies to combat unfair tax and

The arrival of the left-of-cent

ter. For both of its progenitors -Helmut Kohl, the Cerman chancellor from 1982 until last September, and François Mitterrand, French president from 1981 to 1995 - Emu became one way of long-term prosperity can survive reconciling France to German qualified majority voting on certain tax matters. But it would be wrong to imaginto more than a Franco-German venture. The southern European The oddities of the euro-zone as members of the EU - Italy, Spain round the corner, Recent wranand Portugal - worked especially

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LETTERS TO THE EDITOR

paper are more forthright allegations and issues that have

in calling a spade a generated so much uncertainty

Even if the Senate were to the Clinton presidency must nec

Choice of Federal Reserve chairman as man of the year is bewildering

Sir, In his article (December 24) money supply growth. Since late on Alan Greenspan, described as 1996 the broad measures of the the man of the year" for 1998. Greenspan's attempt to cool the stock market in December 1996 failed because since then "Wall Street had risen by more than 25

In fact, the American stock market has risen much more than that since December 1996. When Mr Greenspan gave his warming, the S&P 500 index was just above 750, whereas it is now over 1,200. The increase has been

been given for this phenomenon. One approach is to attribute the others) of a slowdown.

From Mr Ibibia Lucky Worika.

Sir. Your editorial "Why Clin-ton must go on trial" (December 21), does not make Interesting

It can be summed up in one phrase - the rule of law should

prevail, even if the heavens fall.

Senate. But, then it simply ech-

oes what most Republicans in the

House of Representatives have

Writing on the same topic.

articles by Philip Stephens ("A

Stain on America") and Richard

Wolffe ("An unappetising pros-

leap in asset prices to excessive American money supply have been rising at almost 10 per cent a year, with liquidity in the financial system and the corporate sector climbing at much faster rates. An association between excess liquidity and buoyant asset prices is indeed a common

cyclical pattern. Another typical feature of business cycles is for asset price excesses to stimulate rapid growth in demand. It is not surprising that the growth of US domestic demand has been well Prof Tim Congdon, Various explanations have above its trend rate since early 1996, despite constantly repeated which is increasingly being and consistently wrong forecasts termed "the Greenspan bubble". from the Federal Reserve (and

Something wrong with the rule of law

It rejects any compromise of law is not an end in itself.

been pretentiously insisting yearnings and aspirations of the

pect") in the same issue of your ment must grind to a halt on UK

should be stressed that the rule

In a democratic society, that

end should be to satisfy the

American people, whose

will has been so contemptuously

If the whole business of govern-

diaregarded by

The responsibility for rapid money supply growth lies with the Federal Reserve and, in particular, with its chairman and the Federal Open Market Committee. In 1999 the American economy will suffer from the combination of serious domestic overheating and by far the largest current account deficit on the balance of payments that the world has ever seen. Against this background the award of the "man of the year" title to Mr Greenspan must be described as bewildering.

managing director, Lombard Street Research, Cannon Bridge, London EC4R 2GN, UK

in the minds of legal experts, i

ply have to live with this uncer-

tainty for as long as it takes to

Ibibia Lucky Worika,

4 Springfield,

Dunde

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A time for giving freely

From Mr Nick Lynam Sir, Your leader on charity giv-ing, "Faith, hope, charity and tax," (December 24) is interesting but does not go far enough. Of course money is important for charitable institutions but

probably more sought after are time, freely given, and concern. It is not easy for ordinary folk to give away hard-earned and hard-taxed cash. And then, to which of the thousands of charities do you make donations?

If you accept that time and care are as important, if not more so, than cash (and there are some rich people left who can make necessary donations), then I think you might find that the British come high up in the league table of generosity. Have you got such figures available to weed out the Scrooges? I would be interested to see them.

Nick Lynam, 43 rue du Marechal Poch,

Number One Southwark Bridge, London SE1 9HL We are keen to encourage letters from readers wordwide. Latters may be taxed to +44 171-873 5638 (set tax to "fina"), surrest letters eclaration Published letters are also as

67000 Strasbourg. insist on "the rule of law" (a mis-taken suphemism for a full personal vengeance by his ene-dressed trial in the Senate), it miss; if the whole world will sim-Moral position During the main Christian festival of the year, the Mandelson between the White House and the It is, rather, a means to an impeach the president, then affair teaches us two important surely, there must be moral lessons. something wrong with the rule of First, always be scrupulously honest when filling in official forms. Second, never live beyond your means. Mr Paul Walter, 12 Stanley Road, Newbury RG14 7PB, UK 500, http://www.FT.com Translation may be available for letters written in the major international languages. Fix +44 171-873 5938, Letters should be typed and not hand written.

Financial Times Surveys World Thursday February 25 FINANCIAL TIMES

حكذا من الاعلى

All the ingredients for a potent brew

FT writers concoct some predictions for what is likely to happen in 1999

1999 There was strong competition for the booby prize NINETEEN as FT soothsayer NINETY NINE for 1998, sorites Max Wilkinson. This time last year, Clive Cook-son, our science editor, predicted

that the deadly Hong Kong "bird flu" virus would sweep the world. Thank goodness he was wrong. Chrystia Freeland was also far out in predicting that the Russian economy would at last start to grow in 1998. This is a long way from the 6 per cent contraction now generally expected for both 1998 and 1999. To be fair,

none of our pundits - nor the bankers who lost their shirts expected Russia's debt default on August 17. Despite this, the award for best

predictions must once again be shared between our economics writers. On the east Asian crisis. Martin Wolf said presciently: What initially seemed like a hiccup now looks like a heart attack." He correctly diagnosed the need for measures to halt panic and was right that the world would "muddle through". Unsurprisingly, we have set him the same question for 1999.

John Plender bravely forecast a last leg to the bull market; he foresaw the "frenzied takeover activity" and will probably be proved right about the "unhealthy speculative" nature of the market's "final fling". Still. he misses a golden award because he wrongly suggested that the markets' exuberance might be curbed by a rise in US official interest rates.

Lionel Barber was dead right that European economic and monetary union would start on time (Jan 1 1999) with 11 members. Robert Chote made a good call on sterling, saying it would remain "uncomfortably" high in early 1998 and decline towards the end of the year. Philip Stephens is also in the money with a fairly safe bet that Tony Blair would remain more popular than his party. But perhaps he could not have foreseen the extent to which Tory disarray would boost Labour's fortunes.

Edward Mortimer deserves a mention for saying that Saddam Hussein would not be tamed caged or he rampages about"). However, there may be two views on whether last month's air strikes will whip him into sub-

Can Clinton survive?

Garand Bakes

Bur

President Bill Chinton's remarkably high approval ratings were one of the few constants in American politics in an extraordinary 1998. In spite of the flow of revelations about sex and lies in the Monica Lewinsky affair, Mr Clinion has enjoyed the steady support of about two-thirds of the American people. Although he has now been impeached it seems a fair bet that if his ratings remain this high, he will success fully resist any attempt to bring a premature end to his term of

Two things underpin Mr Chinton's popular support. First, rightly or wrongly, he has been viewed as the victim of a partisan political witch-hunt in the House of Representatives. As the impeachment debate moves to the more sombre and statesmanlike Senate, that may change. If senators decide to drop the pursuit of Mr Clinton and opt instead in a bipartisan way for a powerful censure, sympathy for the president may ebb.

The other factor is the economy. As long as unemployment remains at or near a 30-year low, share prices stay in the stratosphere and consumers glow with confidence, the president is likely to bask in the radiance. If, as seems likely, the economy slows, he may start to feel the chill. But barring an as yet unexpected ssion or something strange in the Senate, Mr Clinton should remain in good shape.

Will the US and the UK bomb iraq again?

David Gardaer

Probably - but it is just conceivable they will stumble on a policy before Saddam Hussein organises his next provocation. Such is the intractability of the problem and the difficulty of marshalling an international response to it, that there will (possibly) be a return

to first principles. No one really believes that bombing can depose Mr Saddam or destroy from the air the germ and nerve gas agents that seven years of UN weapons inspections have failed to uncover. By contrast, everyone more or less agrees that Saddam is a dangerous man who must be prevented

found to target sanctions on him rather than ordinary lraqis.

the Arab world. The growing realisation that this could under mine Washington's friends in the region and spark terrorist assaults on the west should spur a rethink on Iraq.

Will Tony Blair come off the fence over Emu?

Yes and no. Mr Blair will reinforce his commitment to early participation in the single currency once the euro is a reality. And if the pro-European caucus in his cahinet gets its way, he will set a conditional date for entry. Look out for some warmer words from him in the next two or three months after the Trea sury publishes its national

changeover plan for the euro. But Mr Blair is still loath to make a clean break with the Eurosceptic press, and the "national economic tests" he has set for entry preclude the announcement of an irrevocable date. That said, there will not be many people at the end of this year willing to wager that sterling will survive for much longer.

is the global financial crisis over?

The virulent phase may be over but the recovery will be slow and painful.

Even continuation of today's fragile convalescence depends on the fate of the Brazilian rescue package, on China's willingness to avoid devaluation, on Japan's ability to escape financial disaster, and above all, on continued levitation by western stock markets. Moreover, widely shared countries will be lucky to experience any growth: the Japanese economy seems set to shrink further; and commodity exporters are coping with big declines in

Maintenance of even a modicum of stability has depended and will depend - on vigorous US consumption, up almost 5 per cent in 1996. But this is vulnerable to the stock market. The new euro-zone should also inject strong demand. Alas, the caution of the new European Central Bank ensures it will not do so.

Will recession hit the UK?

Robert Chain

Yes. The Treasury's forecast of 1 to 1.5 per cent growth in 1999 will turn out to have been too optimistic and the out-turn will be nearer zero. Economic activity will slow abruptly in the early part of 1999 as companies shed excess stocks of unsold goods. The delayed effect of sterling overvaluation and domestic policy tightening is likely to produce technical recession, with national output falling for at least two successive quarters. Having said this, the downturn is unlikely to be as dramatic as in the last two recessions: private sector balance sheets are in better shape and the Bank of England is cutting interest rates aggressively. Growth is still likely to be weaker in 2000 than

Are Americans about to stop spending?

Richard Waters

The American consumer is not through yet. Even after a year in which personal consumption scared, there is plenty of buying power left. Lower US interest rates brought a record wave of morigage refinancings in the final quarter of 1998 as homeowners rushed to lock in lower rates - and boost their disposable incomes. Add in the benefit of lower oil prices (equivalent to a \$30bn tax cut, according to Henry Willmore at Barclays Capital) and the confidence produced by a generally robust equity market, and the pumps are primed for the world's biggest spenders to keep

on spending. Even the sight of the US personal savings rate falling below zero may not signal the end of the consumer boom. More Americans have come to rely on their investments, rather than earnings, for income, so the savings rate could dive much

deterred and that a way has to be slump, consumer confidence rates into a vicious one. Then would suffer. But it will probably take a nastier stock market cor-. Their plight is the cause of rection than the one seen this of the real band, could prove to potent anti-western bitterness in autumn before the spending dries be a self-fulfilling prophecy.

Will Japan tum the corner?

Paul Abrahams

If government promises were enough to boost economic growth, then Japan would not only pull out of its worst postwar recession next year, it would enjoy a boom. Taichi Sakaiya, minister at the Economic Planning Agency, is so confident about positive growth next fiscal year, he has said he will resign if the economy contracts. Behind his confidence is another massive government spending package and Y9,300bn (£48hn) of corporate and income tax cuts.

His optimism may be misplaced. The danger is that Japan's ultra-cautious consumers will save rather than spend any tax cuts and that cash-strapped local authorities, which are responsible for a big proportion of the spending package, may actually cut expenditure. Moreover, these measures will not address Japan's huge structural problems, namely a credit contraction, excess supply caused by over-investment, cuts in capital spending and record and rising unemployment. With domestic demand flat on its back and exports falling, there is unlikely to be a single quarter of growth.

Will N. Ireland have stable government?

The issue of terrorist weapons will dominate the Northern Ireland story in 1999. David Trimble, the Ulster Unionist leader and the province's first minister, insists the IRA must begin to decommission arms as the price aconomic growth will not return for Sinn Fein's participation in ment.

The IRA is resisting having to give up its weapons, but senior Republicans have indicated that if parties implement all of the Good Friday accord, some voluntary destruction of IRA arsenals could follow.

. With no progress on arms, the deal could unravel. But Britain and Ireland are banking on a compromise, calculating Mr Trimble and Sinn Féin bave invested too much in the peace process to see it collapse.

Will international telephone calls cost less?

Alan Cano

Yes. International call rates have been falling for the past couple of years and the trend shows no sign of reversing. As the world's telecommunications markets open up, newcomers are using price to take market share from the incumbent operator. There are signs in the more developed markets, such as the UK or France, that discount schemes are taking over from price So how much you pay will

depend on the carrier and the country from which you are phoning. For the customer, it will remain a complex and confusing business. This year the retail cost of a three-minute call from the US to Australia excluding taxes was \$8.25 at MCI's basic rate, 24.53 at AT&T's basic rate and 85 cents over USA Global Link; an internet telephony call using Delta Three cost only 57 cents.

Will Brazil devalue?

Andrew Balls

Brazil's peg already allows an annual 7.5 per cent decline against the dollar, so, yes, there will be an effective devaluation. But the authorities might have to take more decisive action.

The government says its promised fiscal austerity plan will sta-bilise the unwieldy deficit, restoring confidence and allowing interest rates to fall to pre-crisis levels. The international community, led by the International Monetary Fund and the US Treasury, has staked \$41.5bn of sunport on what amounts to a confience trick.

They will probably get close enough to the fiscal target to cisim success. But a deeper than expected recession, rising unemployment and a political backlash not to mention the risk of further shocks in the international economy - could easily turn the

from threatening his neighbours. deeper yet. The wild card is the virtuous circle of growing It follows that he should be equity market. If share prices confidence and falling interest expectations of a bigger devaluation, perhaps a further widening

Which science will make the news?

The past year bas been domi nated by biomedical stories: genes, clones and embryo research. No doubt they will hit

the headlines again in 1989. But there is a good chance that physics, space and astronomy will get more media attention. Observations suggest that a previously unknown repulsive force is counteracting the effect of gravity and driving the universe apart at an ever increasing rate. They are likely to be confirmed in 1999, leading journalists to focus on the biggest upheaval in cosmology since scientists accepted the idea that the universe started with a Big Bang about 15bn years ago.

What will happen to euro interest rates?

Global economic uncertainty will be the most important determinant of monetary policy in the euro-zone during the year. Emu starts with short-term interest rates at 3.0 per cent after a recent co-ordinated rate cut by national central banks. This rate will almost certainly prevail during the first few months of Emu. During that period, expect technical teething problems and possibly heightened volatility in the euro/ dollar exchange rate. After the transitional period is over - perhaps from March or April - interest rates could fall further. If the global financial turmoil continues, interest rates could fall all the way to 2 per cent. Alternatively, if the global economy returns to normal, the European cent level throughout the year. On balance, a further rate cut, to perhaps 2.5-2.7 per cent, can be expected during the first six months of 1999.

Who will run Russia?

Barring a Lazarus-like recovery, Boris Yeltsin will be marginalised next year, allowing Yevgeny Primakov, the wily prime minis-ter, to assert his influence. Mr Primakov may even take over as acting president should Mr Yeltsin die in office before his term expires in the summer of 2000. The 69-year-old Mr Primakov says he reached the "limits of lunacy" by accepting the premier's post and would not want to contest the subsequent presidential elections - although he might yet be prevailed upon to think otherwise. If not, Mr Yeltsin's successor is likely to be one Russia's 89 regional leaders. Yuri Luzhkov, Moscow's rumbustious mayor, and Alexander Lebed, the nationalistic governor of Krasnoyarak, are the strongest tenders. In any event, such eaders will amass more power as the Kremlin's authority crumbles and Russia fumbles its way ds a truly federal state for the first time.

Will China devalue?

China has made so much fuss about its determination not to devalue the renminbl that it could not now easily after course without a serious loss of credibility. While other governments in similar circumstances insist on maintaining the exchange rate right up to the last minute, there are real reasons for thinking China is not putting on an act. Its exports to Japan have suffered and the high exchange rate has put pressure on domestic prices for items such as steel. But

the real source of its economic slowdown is a collapse in domes tic demand, particularly in the relatively underdeveloped hinterland. Devaluation would not help the hinterland but it would undermine the authority of Zhu Rongii, the prime minister.

Will Mahathir resian?

After the fall of Indonesia's Presidené Suharto, Dr Mahathir Mohamad of Malaysia is the

been carried off by the Asian crisis. Opposition to his regime has grown in the wake of his decision to dismiss Anwar Ibrahim as deputy prime minister and press charges of sexual misconduct and corruption against him.

But his grip on power is still formidable, partly because there is no obvious other successor. Mr Anwar is neutralised by being in jail and other candidates lack a sufficient power base. The real risk to Dr Mahathir will come when Malaysia's economic problems finally catch up with him. Capital controls have brought some respite, but it will last only until 2000 at the latest, Dr Mahathir could find himself under real pressure by the end of

Will Bill Gates lose his antitrust lawsuit?

There is a good chance that the court currently hearing the trial will rule against Microsoft, But any penalties may well be lighter because of the purchase of Netscape, the Microsoft rival around which much of the case revolves. by America Online. Judge nas Penfield Jackson said, as the hearings adjourned for the holidays, that the merger "might be a very significant change in the playing field as far as this industry is concerned". The deal gives Netscape a powerful ally in the battle against Microsoft and provides a market solution to the problem the case addresses.

In any case, the appeal court to which Microsoft would turn next if it lost has appeared more friendly to the company than Judge Jackson. But in a wider sense, the trial will continue to harm Microsoft, since much of the testimony highlights aggressive corporate behaviour that reflects Mr Gates's own combative personality. It is also forcing other computer companies to take sides - and they are often lining up against him.

Will mega-mergers continue?

ket. As we saw in the summer when the market slumps the deals dry up and vice versa. This might seem illogical since when the market falls the target gets cheaper. But most of the big deals today are for equity, not cash, so the bidder's currency

depreciates as well. And a

That depends on the equity mar-

Cantral Bank is likely to leave longest-standing Asian leader market crash weakens business vote Labour would have more things at the best of times. If the market holds up, the deals should continue. In some sectors, such as oil, only a few more mega-deals are possible.

But in others, such as the utilities, the landscape is changing. And in any sector, merger mania tends to be self-perpetuating; if everyone is doing it, no one wants to be left out. Will PCs start

Pent Taylor

talking?

Some PC-based devices, such as car navigation systems and automated voice response systems, do already "speak", albeit using a limited vocabulary. Other systems have been developed that will "translate" text to speech and there are commercially available software packages that allow the user to control a PC using voice, or which convert dictation into computer-

These systems can now cope reasonably with ordinary continuous speech but must still be "trained" by the user in order to work well

More potent microprocessors and further improvements in the various voice and other technologies underlying computer 'speech" will gradually enable PCs to handle more complex tasks including speech and it probably will not be long before PCs speak rather than display messages. But despite the big gains made in this area, computers that can not only speak but hold real and intelligent conversations are still a long way off.

Will the SNP triumph John Plender in the Scottish elections?

James Buxton

The Scottish elections on May 6 will be the most important event in UK politics in 1999. The Labour government used to say devolution would kill off the Scottish National party, which wants to take Scotland independent, but watched aghast last summer as the SNP surged past it in the opinion polls. Labour has since re-established its lead but the election will be close.

In the unique two-vote ballot Labour should do well in the constituency section under first-pastthe post and the SNP ought to score in the party section under proportional representation. But there are more seats in the first section than the second so if both parties take 37-38 per cent of the

go into coalition with the Liberal

BROMLE

What will happen to the oil price?

Robert Coczine

According to futures contracts. crude prices should rise to about \$12.50 a barrel by the end of 1999, a modest \$2 or so increase on after a year in which oil markets have been in a seemingly permanent state of shock as prices turnbled to 12-year lows, few pundits appear willing to make unqualifed predictions.

Most, however, believe crude has fallen so far that a move upwards is likely. Even vocal doomsayers, such as the International Energy Agency, now acknowledge that "the factors that caused and sustained the price collapse are dissipating

But given the size of the global crude surplus, even a modest increase will require several conditions to be met. These include: no recession in the US, the world's single biggest oil market: improved compliance by leading exporters to already agreed export curbs: colder weather than seen so far this winter; and no big increase in Iraq's crude

Perhaps the only event that would push prices decisively higher would be a long disruption from a big oil exporting country. Signs of economic recovery in Asia would also be bullish.

Will US equities collapse?

The US economy is being driven by consumer spending. Consumer spending is driven by the stock market as people borrow on their unrealised gains to spend. So the market has to rise if the economy is not to stall. This unstable circularity smacks of

Japan in the 1980s. The Fed's moves to prevent a re meltdown have convinced inves- t. tors that equities are risk-free. But earnings are deteriorating as and the circularity problem : implies vulnerability to shocks. al The dollar looks like an accident in waiting to happen - worrving th given that European investors are the swing purchasers of US if equities.

Americans cannot run a nega- ly tive household savings ratio for a ever. There will be a collapse. In oa world heavily dependent on the to US economic locomotive, that i's would be a disaster this year. But 1g we shall be lucky to avoid it. , g-

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eral more trials of a similar as that. nature and was, in any case, as unbalanced as a fruit cake - the sort of misfit who in former times would

Thus did I serve the cause of justice, truth and the British way, Henry Fonds eat your heart out.

please call: Tel: +44 171 873 3351 Fax: -44 171 873 4331

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COMMODITIES & AGRICULTURE

Outlook for oil remains uncertain

WEEK IN THE MARKETS By Paul Solman

World oil prices are beginning 1999 mired at less than two-thirds of their level at the same time in 1998. The benchmark February

contract on London's International Petroleum Exchange closed at \$10.53 a barrel on Thursday. unchanged on the day but substantially below its value of \$16.81 at the beginning of last year.

Commodity markets were closed yesterday for the New Year's Day holiday. Crude has traded rela-

tively quietly during the Christmas period, though further signs of unrest in the Middle East early this week pushed Brent up 50 cents in

The outlook for prices this year remains uncertain, at \$1,485.50 a tonne but stil Lower demand in Asia and continuing fears about supply levels pushed Brent to a 12-year low of \$9.64 in December.

Sume analysts are now predicting an upturn in the first half of 1999, but calls to add to the 2.6m barrels fallen between September of daily production cuts and December.
agreed by leading oil producers in 1998 have gone 1.125 cents to 33.425 cents a unheeded, and the Organisation of Petroleum Exporting Countries is not scheduled to meet again until slipped back to 32.65 cents : March.

Meanwhile, base metals ended the week mixed on the lowest for 50 years in 198 London Metal Exchange. Three-month nickel was fered huge losses. \$4,170 a tonne at Thursday's close. \$110 higher than Financial Futures and Wednesday's level and \$255 Options Exchange was

above its price on Christmas closed on December 31. WEEKLY PRICE CHANGES

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WORLD BOND PRICES

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Copper Grade A (cash)	\$1455.5	+18.0	\$1724.5	\$1850	\$1437.5
Lee: (cash)	\$495.5	-4,0	\$536.25	\$514	\$482.5
Nickel (CREM	\$4097.5	+260,0	\$5867.5	\$5907,5	53830
Line SHG scales	\$915.50	-27.25	31003.5	\$1145.5	2275
Tim	85167.5	+35.0	55315	\$6245	\$5160
Georg Futures Dec	5962	+42	£1048	£1138	2885
Coffee Futures Jan	\$1875	+10	S1696	\$2115	\$1530
Secar (LDP Raw)	\$196.90	+5.00	\$295.40	\$297,40	\$172.10
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Absolution Alexanium alloy Copper	Tonnes 036,860 98,160 560,825 106,358	+80 +21 +871

Eve, the final day of trading last week. Copper ended down \$9.50

up \$14.50 on the week, while aluminium finished down \$ at \$1,245 a tonne, up \$3.50 on the week.

Hog prices strengthened in Chicago this week after the US Department of Agriculture said inventories had

February lean hogs rose pound on the Chicago Mer cantile Exchange on Wednesday, though they had pound by Thursday's close. Hog prices fell to thei and US farmers have suf

The London International

	Cash	3 miles	Ä
Clocks Previous	1237-35 1243-44	1244-45 7248-9	A
Sgirlan	1237-38	1250/1244 1244-45	0
AM Official Kerb cluse		1240-41	Ti
Open int. Total dady aumour	nda. Sala		1
			J
Clase	1025-28	1055-56	J
Previous HighNow	1028-33	1060-2 1060/1090	T
AM Official Karb close	1025-28	1055-56 1080-65	
Oped Int.	nág nág	1000-00	7
Total delly turnover my LEAD (\$ per toone)	ma		S
Close	496-7	473-4	
Previous High/low	901-3	473-4 474/474	J
AM Official Karb close	406-7	473-4 473-4	
Open kul	m/a		7
Total daily burnover NY INCHEL (S per term	n/a e)		0
Close	4095-100	4160-70	10
Previous High/low	2005-95	4050-80 4170/4110	Ē
AM (ATICAL) Kerb close	4095-100	4180-70 4105-15	
Open int.	n/a	TIME	
Total daily turnomer III That & per formet	ta/a.		f
Close	5165-70	\$166-70	SEA MALL
Previous High/loss	5155-65	5160-70 5175/5160	3
AM Official Curts choses	5165-70	5165-70 5170-75	7
Open int.	n/a.		
Total daily turnover III 2006, special bigli	-	mej	_
Clase	915-16	933-4	8
revious Righykour MAI Official	919.5-20.5	937-B 934/927	
AM Official Kurb close	915-8	933-4 933-4	N
ipen int. Islai dally tempetr	EŞIT EŞIT		SHAMA
COPPER, grade A	-		10
Close	1455-56 1468-9	1484.5-85.5 1496-7	•
Previous High Adw		1492/1480	
AM CARCINI Karts cisse	1455-66	1484.5-85.5	
Open Int. Comi dally temper	164 164		S R M A M A T
		!	A
LIEE Closing 5/5 (* -		3
Spec 1,600 3 mate 1.60	26 mir 1.677	9 miles (1,657)	T
			1
MICH CHADE COPP	ER (COMES)		
Sett Day's	1	Open	
prior change lase 66.35 +0.3		Well lest D 535 3,478	R
Feb 66,75 +0.3	0 67.10 66.7	0 102 2,411	A
Apr 67.65 +0.3	0 87.35 67.3	5 16 1.513	
Many 18,05 +0.3 Jam 88,45 +0.3	0 68.80 67.2	0 262 5,969 5 57 1,266	T
Total		6,909 73,864	
			ħ
Precious N			T)
Prices supplied by M	MARKET M Rottuctura		
Gold(Troy co) \$	price E ac	galer SEr organie	
Close 287.5	Q-200.00		A

BASE METALS

LONDON METAL EXCHANGE

MINESPER, 20.7 PRESTY & pic trees

Procing Procing Procing Process Proc	Dec	ione	Mo	hale	COL	inse	erl	GR	AINS	AND	OIL	SEI	EDS.	-	SOF	rs						AT AND				
The control of the	IL CO.	O COMEX	1100 Tr	by OZ:	Proy or)		_					c)		M (000)			c, \$101	146		M 17			it, conto		_
The Company of the Co		Sett	Day's				-					Law				Begg :	Del.s	nigh.	Low			Price chang	High		Tel	
## 2017 11 2017 2018 2	Feb	_	+1.7	383.5	267.9	13,862	68,362		76.90	-0.25	7696	76.90	2													4
Amount of the Control	Apr	291.2	+1,1					_						3 324	May	923	-1	929	920	318 28,949	Apr	63,025 +0,050	63,200	62,900	2,540	
## PLANSE WITTER COLUMN 1992 State 1 10 200 State 1	Aug	294 7	+1.8	294,5	293.5	161	6,813				_	-	-				-2	985	959	245 29,177	Acq	63.400 -D.100	63.550	63.500	624	-
The control of the region of the control of the con			+1.3	297.0	296,8	41	12,351	Tion			-	-	-			967	-1	393	463			B.43 -	921-500	pa.JUU	12,222 1	1
## 2007 - 1-0 100 100 200 200 200 200 200 200 200 20		CHARLES AND	OMEX (SI	2 Troy G	2.: S/true	-	13,804		स्राधाः	5,000be	رائي دفي رائي	edille to		_		M CSCE (lg lung	370x	_		E (5)					_
## 2011 43 2012 2012 2012 11 10 10 10 10 10 10 10 10 10 10 10 10	_	354.5	+31	366 D	362.0	2,131	1.506		276.25	+0.25	277.50	274.00 1	2,919	71,366							Apr					
The color of the	Squi Jol		+33	359.5 371.0		4,308 189	\$,273- 596		297.00	+1.50	297.50	265.00	1.029	29,103	Jel	1423	+2	1422	101	21 5,861	-	49.200 -0.125	49,700	48 700	1,311	1
The content of the	Oct															1476		1493	1493	16 5,381	Aug	54,000 -	54,250	53,600	418	
## 25.55 # 1.50		ADEM!	MEX (1	OO Troy	oz., ŝilito		III					1		114,900		150E	-1	1510			Total				9,394	4
\$20.00 - 1.00 0000 00000 100000 10000 10000 10000 10000 10000 10000 10000 10000 10000 10000 10000 10000 10000 1000	Mar							_	_					80.599	m các	A (CCA)	SUR M	grand)					_	_		-
Total				_	_	-	127	May	220.75	-	222.00	220.50	6,941	52.053								43.100 -0.350	44,350	43.000	140	
## 150 - 150 000 1000 100 100 100 100 100 100 10	-	en mus	2 6 000 T	Dame noz I	Designation of		2,876	Sept	234.00	-0.25	234,75	234.00	1,375	14,120		E UFFE (44,550 -0,625 46,500 -0,600	45.950 47.000	46.150	72	J
## 1000 CE AL SEC BEST 112 STEEL CONT. 1000 SEC			_		500.0	19			240.50 247.50	+0.25	241.75 2 247.50	247.00	127	2.0E							Tutal				1,625	-
May 2011 -13 2012 113 113 113 124 201 113	No.								M CV I KE	e 1100 s				MALE	May	1758	+21	1790	1733	391 7,608						
## STATES -1.5 STATE -1.5 STATE -1.5 STATE -1.5 STATE -1.5 STATES		507.7	-1.5	511.0	511.0	62	6,396		_				-	211	Sec	1723	+21	1718	1700	- 864	LON	DON TRA	DEO	OPTH	ONS	
## CROSS N. PROC. (1,000 learns) Submers) ## CROSS N. PROC. (1,000	Dec				512.0	12	5,856	No.	78.25		Ξ	-	-			1707	941	-	-							
## BERGER EX WITHOUT (1000 barter). Silvarior ## BERGER EX WITHOUT (100	1422					es _p E39	rupro d	Sep	78.50	-	-	_	-	25	E 20F								Fee	Ma	Feb '	1
## CHARGE (LINE)								Total			_		_	854		118,70	+0,60	118,80 1	17.40	413 5,530	1250 .		20	51	28	
## 1256 433 124 1150 352 17.50 ## 126 433 124 1150 352 17.50 ## 126 433 124 1150 352 17.50 ## 126 433 124 1150 352 17.50 ## 126 433 124 1150 352 17.50 ## 126 433 124 1150 352 17.50 ## 126 433 124 1150 352 17.50 ## 126 433 124 1150 352 17.50 ## 126 433 124 1150 352 17.50 ## 126 433 124 124 124 125 17.50 ## 126 433 124 124 124 124 125 17.50 ## 126 433 124 124 124 124 124 124 124 124 124 124	F C20	$\overline{}$,000 69	153. St		Do-				_	_	_		Jol	120.25	+0.85	119.05 1	19.60	11 1,731	1300 .					
Fig. 12.5 43.5 12.1 12.5 43.5 12.5		price	زوهش				ant.		541.25	-0.75	544.00	541.00 2	2,740	57,A68	Dag	121,09	+1.05	126,00 1	19.90	14 朗			Feb	Mar	Feb	
## 1204 4-132 12-13-12-13 5-12-13-13-13-13-13-13-13-13-13-13-13-13-13-		12.19	+0.26	12.25	11.84	13,320	60,309	Jel	552.75	-1.80	554.50	52.00	2,856	24,021	Total			_			1400 .		_ 81	123	10	
12.00 12.0				12.45	12.15	5,121	31,566	Sup	555.50 555.50			23.00	285	1,147		RE BOTH II	P Com	Alchiel		Print, dier	1900 . 1900 .				131	
Signate Col. Fig Glament	Jun	12.78	+0.24	12.82	12.52	786	26,670		PAREAU O	n cer	(80 OOK)		-	3,74	Comm. di	4 7			R.			THE LIFE	Na			
March Company March Ma	Total							_	22.83	+0.09	22.90	22.8 1	0,711	6.345						100	1750 .		114	114	49	1
price champe (light Law 1 to 1 in 1 line) (1.00 c) 11.00 c) 2.00 c) 2.	N CH		_	(C)			_	Mar May	23,40	+0.13	23.45	225	4,425	10,711	Her								-			1
The control of the co			change				Test.								Aug	239.1	+0.2	241.5	233.5	181 5,589	875		·		37	
## 2017 - 0.14 *10.8 10.52 *7.0 10.05 10	Fab	18.50	-0.18	10.67	10.50			Sep	23.81	+0.13	23.82	23.75			Dec	232.8	-0.7	233.5	283.5	- 584	925		22	42	45	
March 11.54 -0.12 11.50 11.5	Apr		-0.14	70.80	10,82				MENI I	EAL CI	T (100 t		-			236,8	-1.2	237.5	237.5			BUT CRUDE IPE				
Table Tabl	Jam.	11.14	-412	11.30	11.23										M SUE	E '11' CS	Œ {112	,000bx	_		1950 .		, 38			,
## 1471 147 147 147 147 147 147 147 147 14	Total	11,05	-0.16					May	140.7	-24	1413	140.8	1,858	18,021		7.86	-0.02				1100 .		_ 19	*	00	
See Degrée Right Lore Total See Part See See Part See		nyis ca.	NAMEX (42,000 I	iš gaik;	olis ge	á.)	Airy	145.3	-1.7	146.0	145.0	84	4,707	Jel	7.70	-0.03	7.77				man en	OT I	PADI	ÆTC	
MATCHEMA 6489 FREEZY 0.020 1		Sett	Day's				Djeter	Sup Total	146.0	-1.7	147.0	146-3			Mar	5.23	+0.03		1.25	20 9,657				WAN	Œ13	
### 9.22 + 0.25 3.45 3.46 1.26 2.25 2.25 2.25 3.45 3.25 3.25 3.45 3.25 3.25 3.45 3.25	-								_	FF (2)	_	E per tan	nej_		Your			_	1	5,202 150,502				0.67-0.7	75 +0	15
Age		34.28	+0.86	34,75	33.45	13.662	61,283	Mine Apr	326.0	+4.0	325.0	325.0	76	2,105					_	2 500 24 002	Brent i		8	10.97-1	08 +8	Ц
Sept	N#	34.88	+931	35.15	34 40	1,087	16,622				Ξ	Ξ	-	29	May	61.27	-0.37	61,50	80.35	835 16,238	WIL	0.000	S	2.06-21	DE +0	
### 255 - 0.5 9.5 9.5 9.5 9.5 9.5 9.5 9.5 9.5 9.5 9	Just .				36.70	932	10,709	Rive	05.0	-	-	-	-			83.00	-1 68	61.70	63,80	23 1,585			_	_		_
Self Degree change light Low Very Ed.	TOTAL					30,5401	11,121		SINT (SF	FEQ LIFE	FE (\$104	poer poi	-					65.00	-	82 1,075	Gas Of			309-100		٦
## \$1.00 -0.00 17.5 93.7 93.9 94.0 3.00 25.88 95 94.0 10.00 17.0 94.0 18.0 18.5	B 846	_			_		_			=						ce mre	MANUE AL	5.000ke			Haphin			\$105-10		
Description				High	Low	W	Erit.	Agar	910	-	905			925		_					Diesel					
Part 170.0 - 100 170.0								Oct		Ξ	_	-		351	Mar	104.30	-2.55 1	106.50 1	00.50	1,708 12,728	N NA	TIEAL CAS (Pos	_			_
The contract The	Mar	99.25	-125	100.50	22.25	440	14,230						10	2,000	346	106.45	-2.90 1	107.25 1	08.50	110 2118						LO.
Total 12,949134,201 12,9	May	103.00	-1.00	100.75	103.75	10	4,930			_	ADE	D			Her				07.50	- 538		-				
Set Deg* Set Deg* True Set Deg*		105.25	-0.75	100.75											ioni					alena esten						7
Fig. 11.250 -0.250 11.250 11.250 11.250 11.250 12.250 27.0 52.45	-	TOPAL COL	e est ma	nd from	e Miles	ner Barn			Sett	Day's											Pather	m (per troy oz.)		\$351.50	+1	1,
Mar 10.300 -0.200 10.390 10.290 870 5.345 200	_	_	_		-	_	_	-						-							_	-	•		-1	1.0
## PATURIAL CAS SYMEX (10000 writing; SimmBlu) Sett. Day's Open prior change High Low Wol bit 1, 1256 -1,052 1,050 1,0757 27,416 Fib 1,945 -1,055 1,960 1,852 1,872 47,508 Mar 1,903 +0,048 1,915 1,800 4,499 1,883 Mar 1,903 +0,048 1,915 1,900 4,499 1,883 Mar 1,903 +0,048 1,915 1,915 1,900 4,499 1,915 1,910 1	Mar	10.300	-0.200	10.390	19.250									109							Lead #	US prod.)				
Fig. 1,945 +0.059 1,950 1,950 1,950 1,950 1,950 1,950 1,950 1,951 1,950 1,951 1,950 1,951 1,950 1,951 1,950 1,951 1,950 1,951		IRAL GA	S HYMEX	(10,000	milde.			FOCAL					-	461							The pik	ew York)		245.5		
The contract of the contract																					Shipp	The Acidy		60.25p		
Total 1,803 +0,057 1,905 1,875 1,875 1,895 1,875 1,895 1,875 1,895 1,895 1,875 1,895 1,995	Feb				_			All fett	FOS 442 S	ricini.	iy Ché.					-	·		_							
Total 1,908 +0,038 1,929 1,925 40,038 1,929 1,925 40,038 1,929 1,925 40,038 1,929 1,925 40,038 1,929 1,925 40,038 1,929 40,038 1,929 40,038 1,929 40,038 1,929 40,038 1,929 41,935 40,038 1,939 41,939	No.	1.938	+0.057	1,950	1 571	6,757	27,416								Open i	nieresi an	d Volum	o data #	town to	or contracts	Log. d	by sugar (MCs)		E241.90		
With Christmes and New Year holidays density (Long Parks)	May .				1,875	1,313	13,387	We	ol from	Mellet	1 & Co			\neg	and P	E Crude D	are on	e day in	-	. Volume &	Neizo I	QUS Nos Yellow		C108.00	ı	
## UNISABED GASSUME ###EX (42,000 US galls; CUS galls;) ###EX (42,000 US galls; CUS galls;) ### Dig to grade; CUS galls; CUS galls; CUS galls; CUS galls; ### Dig to grade; CUS galls; CUS galls; CUS galls; ### Dig to grade; CUS galls; CUS galls; CUS galls; ### Dig to grade; CUS galls; CUS galls; CUS galls; ### Dig to grade; CUS galls; CUS galls; CUS galls; ### Dig to grade; CUS galls; CUS galls; CUS galls; ### Dig to grade; CUS galls; CUS galls; CUS galls; ### Dig to grade; CUS galls; CUS galls; CUS galls; ### Dig to grade; CUS galls; CUS galls; CUS galls; ### Dig to grade; CUS galls; CUS galls; CUS galls; ### Dig to grade; CUS galls; CUS ga	1000						enter!	Witt	Christ	mas à	nd No				Open I	njeresi (d	and and	for all b	raded s	EXHIUS.				46.00p		
Sett Buy's price change High Low Vol list 35.76 +0.53 36.90 34.96 13.404 3,803 aperts to be weatharing apply after a brief price change High Low Vol list 36.55 +0.70 36.90 35.70 9,004 33,655 40.70 36.90 35.70 9,004 33,655 40.70 36.90 35.70 9,004 33,655 high apply apply after a brief period of recovery. This means that wood internationally may be cheaper to buy after the recess for region consuming countries, unless the wood region after a brief period of recovery. This means that wood internationally may be cheaper to buy after the recess for region consuming countries, unless the wood region after a brief period of recovers that wood internationally may be cheaper to buy after the recess for region consuming countries, unless the wood region after a brief period of recovers the recess for region consuming countries, unless the wood region after a brief period of recovers that wood internationally may be cheaper to buy after 1479.6 1481.0 1470.5 1752.4 (Commoditories) 155.59 (Commoditories) 155.5					1			and	product	ng cou	ntries o	if the w	ool w	orid,				_			Rubber	(Feb)				,
Currency High Low Vol St			_			_	Open	Red	y to offe	act price	-	only '	watch	the	INDK	ES					Corporal	CO STAGE		777.54		-
Peb 36.55 +01.70 36.80 35.70 9.004 33.652 interrationally may be cheaper to buy other the recess for major consuming countries, the recess for major consumi	-	licios	Chamber .	-				300	nts to be	week	oning a	gein af	ter a t	orief		_		_	-		Copre	PUR		475,Dr		
the recess for miglor consuming countries. Agr 40.78 +0.68 40.79 40.15 535 14,125 May 41.86 +0.73 41.90 41.90 512 12,823 Jan 42.28 +0.73 41.90 41.90 41.90 141 9,977 Total 51 141 9,977 Total 52 141 9,977 Total 52 141 9,977 Total 53 141 9,977 Total 54 141 9,977 Total 55 141 9,977 Total 55 141 9,977 Total 65 141 9,977 Total 65 141 9,977 Total 75 141 9,97	Feb	36.55	+0.70	36.80	35.70	9,004	33,652	inte	mational	y may	be che	aper to	buy a	after										56.06		
Jan. 42.25 +0.73 41.50 41.50 141 9,577 upt.um. Fundamentals remain poor, with demand slow and difficult and scotal over-bunding the method in particular. Total		40.78	+0.88	40.70	40.15	535	14,125	the	recess f	or me	OF COTT	uming	countr	fee,	$\overline{}$	_		67 = 190	1		Woode	ox (64s Super)	م استند		c contribute	
Total S ₁ 722190,222 diamend slow and difficult and stocks over- handing the metho market in conticular. Dec 30 Dec 25 areath again year ago	May Jen							sho	rt-lived	and u	ncertal	n pre-	Charlet	7000	190.7	1 19	0.94	-	-	Lost, offe	is a li	Paris -		Feb. White Rope on the	om Physics ok. (Greet	ì
	Total																	_	900	100 AT	head of	New York				
									-					_												

Markets end year on a flat note

11490 11450

Gold Coine Krugerrand Herr Soversia

GOVERNMENT BONDS By John Labate in New York

Bond markets were listless 4.658 per cent and the twoon Thursday in the final year note was unchanged at futures contracts was closed

down 's to 1021, yielding facturing economy, while a ing more weakness in the 5.096 per cent. The 10-year reading above 50 suggests economy. The Bank of note lost 's at 100, yielding expansion. note lost 1/2 at 100 12, yielding expansion.

BENCHMARK GOVERNMENT BONDS

Dec 21	Pipel Date	Compon	Price	ENd Yield	Day chg	Wis chig years	Month the pick	Year che yie
Actub	Ø1 101	8.750	10° 8425	614	-0.04	4004	+0.06	-159
	10.70	1750	128 1568	5.02		+6 23	-0.02	-2.30
Labo	97-40	5875	103 8000	3.26	-	-0.05	-0 13	-02
	01'08	5.000	167 2151	400	_	-0 05	-0 11	-1.78
Cefgages	0: 70	4 (100	140 0000	311	-104	-0.0%	-0.16	-0.15
	03.4	5 750	112 8300	415	-	-0.06	-0.14	-1 82
Cartoda	12.00	5 000	100.5400	4.70	-012	-0 IB	-0.01	+0.59
	UC-084	6 000	105 1700	4 88	-0.02	-1.16	-043	-1.53
Demons	(1.00	9 000	109 0000	383		+0.01	~0 09	-0.18
	H př	; P00	1,70 1500	422		-004	-0 10	-2.11
Fellend	01,09	11 000	100.1795	263	-095	-4.96	-0.19	-1,11
	114 05	6,000	115.7700	4 07		-0.06	~0 16	-2.10
Irece	07.00	4 000	101 1900	118		-	-0 15	-0.28
	10.05	7 750 8 500	174 8200 136 9900	157		-0 05	-0.11 -0.10	-1.61
	121W 04 29	5.500	111 6800	476		-005 -004	-9 10	-1.47
Services	0.70	4 000	101 2400	210		-0.10	-0.20	-0.36
No. of Concession,	7,1975	0.500	116 4400	371	-0.09	-0.10	-0.12	-1 70
	ar.03	4.750	106 9400	3 67	-	-0.06	-0.05	-1.91
	C1 TE	9,605	112 67 0 0	481		-005	-0.06	-1 86
And bend	1001	C 504	184 2008	3.25	-801	-081	-0.23	-2.73
	0.19	P MAG	115 5000	4 02		-0.04	-015	-2.67
Land.	P4.101	4 500	102,6400	327	-	40 10	-0.16	-307
	07 23	4.500	104 4000	344		+0.02	-0.20	-323
	05.02	5 <i>0</i> 00 6 500	107 8900 124 5500	3 40		+003	-0.15 -0.18	-3.59 -3.15
Jenan .		6.900	117 7500	_			_	+0.03
"ILEGIA	12/03	J 100	112,2840	0.82		+0.05	+0 44	-0.44
	06.08	1 300	98 3080	2.00		+0.11	+0.86	-0.58
	23.18	2 700	99 0230	277	-	eQ 17	-4.57	-0 62
Vertication	1570	9 000	107 5296	321	-	-061	-0 13	-8.17
	J. 139	5.250	110 1277	195		-0.05	-0.11	-173
New Testand	ולים	8 000	105,5084	5 16	-007	-0 10	-0.18	-1 67
	1,"109	7,000	112 1222	5.47	-004	-0 08	-0.03	-1.75
Normal	9; 23	9 000	100 0400	7,74	-0.02	-0.04	-0.74	시간
	מי ים	6.750	109 0000	5.34		-0.08	-4.04	-0.90
P-TE-CAI	12:20	5.373	102,5800	3 16	-0.04	-0.05	-0.33	-267
	07.18	5375	110 1000	4 96	-081	-0 19	-0.26	-278
اليمية اليمية	04 (2)	6 750	104 4700	3.09		+0.01	-0.21	-257
	91.0E	€.000	115 1900	399	-010	-0.08	-0,23	-2.63
Sweden	42.00	10,350	109.5168	354	-	-0.04	-0.10	-0.99
	05.08	6 570	717 8450	4 15		-0.09	-014	-2.58
Secritor	36 (b)	4.500	104 2300	1 47		-0.09	-0.03	-056
	01 76	4.250	115,2900	2.38		-0.05		-148
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ened on Thursday. The 30- November, An index below including the CBI's distribu-year Treasury bond was 50 signals a slowing manu- tive trades survey, indicat-

Trading in UK March gilt Committee meets next week. thay's trading of 1998. Tokyo was closed and many European markets were either Managers' index of manufactures and manufactur the or too preoccupied with turing activity, which was cent, unchanged from for the first time in 15 the imminent introduction published during the ses- wednesday. When the marnor of the cure and ambled sion, rose slightly to a sea- ket reopens on Monday ply will govern trading this

through truncated sessions. sonally adjusted 50.9 in attention is likely to fix on a month, when the market is US Treasury prices weak- December from 50.2 in slew of economic surveys. flooded with JGBs. US INTEREST RATES

BOND FUTURES AND OPTIONS CALLS AL GERMAN SUMS PUTURES (DTG): DN220,000 1000m of 100% Low Est. vol. Open lett. Mar Jan ē.13 Sett price Change High Low Est, will Open Int. 188.72 +0 07 109.75 108.68 7.595 167.385 Sett price Change 113.57 Low Est. not Open inc. High 2006 36330 Feb 11350 0.57 0.79 0.55 0.35 0.28 0.64 (1.96 0.60 0.86 1.17

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FINANCIAL TIMES WEEKEND JANUARY 2/JANUARY 3 1999

CURRENCIES & MONEY

Euro takes off

MARKETS REPORT

By Alan Beattie

CM ZIDCE

MEG OPING

BOT WARKETS

The scramble to convert trading systems into euros started on Thursday after the long-awaited conversion rates for the euro-zone currencies were published.

legacy currencies were announced at a European Commission press confer-

As expected, the conver-sion rates of the legacy cur-rencies were set at their central parities within the exchange rate mechanism (ERM).

The currencles traded exactly on their ERM parities from the beginning of trading on Thursday.
The rates at which individ-

ual currencies will convert into the euro were taken as the level at which they were trading against the Ecu at the time. In the case of the D-Mark, this Was at

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Sterling fell again on Thursday as the last remaining Ecu arbitrage trades were unwound, but the fall was far short of the precipi-

tate drop some had feared. Having started London trading hours at around DM2.79, the pound fell to DM2.77 early in the session. Conversion rates for the Sterling then remained around this level, to close for the last time against an independent D-Mark around two přenniga down at DM2.771. The remaining sales of

> POUND IN NEW YORK 1.8580 1.8574 1.8548 1.8548 -- Prev. closs --1,890\$ 1,8588 £ spoi 1 mmh

sterling, although not believed to be huge in size, were enough to push the currency lower in extremely

Some suspected that the Bank of England may have intervened in the market to support the level of sterling after its early falls, explain-POUND SPOT FORWARD AGAINST THE POUND

19.4610 57.1330 10.5487 8.4210 9.2904 465.572 1.1150 27.1230 3.1173 28.258 28.2680 19.4155 22.2771

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2,7163 12,9057 70,8170 13314,00 8,9391 191,280 8,3306 3,1565 64,9673 6,2465 2,7692 8,7692 9,7692 1,0680 61,0680

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2,700 12,6771 70,6941 13603,67

ing the consolidation at the DM2.77 level.
But given the dire prog-

nostications of some in the market, the authorities may consider themselves fortunate that sterling appears to have escaped with only a couple of pfennigs loss egainst the D-Mark. "The potential for starling

meltdown has disappeared." said the head of foreign exchange trading at a US bank in London. "With the Ecu arbitrage game over, the risk related to Ecu baskst trades has gone," he added. The UK currency faces an

uncertain future in the new year. There may be initial upward boosts from the anottiage of short positions taken by Ecu bondholders wasting to hedge their exposure to starting arising from the pound's weight within the Ecu basket

But if liquidity returns to market quickly enough, the effect on sterling from this source could be muted. "If the market normalises its trading volume - and I expect this to happen fairly quickly in the new year - it should be able to cope with

19,0070 55,998 10,4284 8,2922 9,0007 2,7102 407,257 1,0007 25,998 1,0537 12,827 12,827 12,827 12,828 1,365 1,365 1,365 1,365 1,365

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178,256 3,1380 71,1480 6,3167 2,6756 10,6286

0.7 -1.2 -7.8 -23.4

-12 -12 -12 -12 -16

the price unduly," said the foreign exchange trading head. "We can return to a

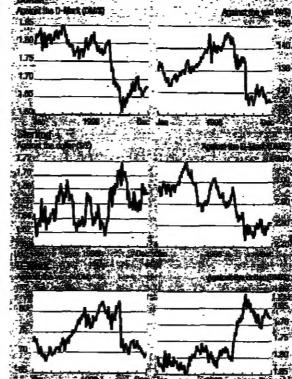
situation where sterling trades as normal," he added. But in the longer term the sickly state of the UK economy, and the threat of port-folio shifts out of starling into the euro, mean that the pound could face a rocky few

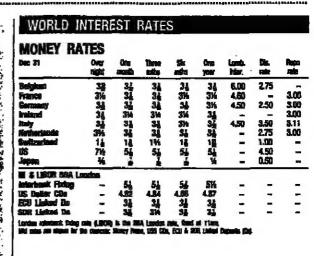
■ The dollar also had some end-of-year jitters on Thurs-day, falling to a 12-week low against the yen. But attempts to link this to the threat to its status from the fanciful.

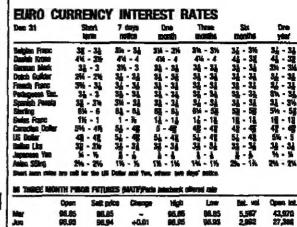
The dollar fell from its level of around Y115 to below Y113.5 in the Asian trading session. It then sank a little lower during Euro-pean trading hours, closing for the year at Y1128.

But despite rising yields on Japanese government bonds increasing the attractiveness of the yen, the fall seemed to be linked to a few deals pushing the around in an alm istent market.

Europa Austria Delgiam Delgiam





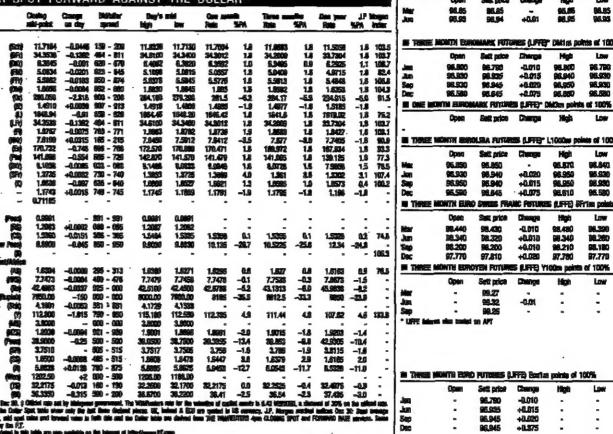


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CROSS RATES AND DERIVATIVES

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-0.4898 252 - 947
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-0.07 906 - 974
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-5.848 154 - 283
-0.0076 155 - 165
-2.266 267 - 442
-0.4689 253 - 769
-0.4689 251 - 255
-0.4691 700 - 225
-0.469 794 - 225
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-0.006 794 - 225
-0.006 794 - 225

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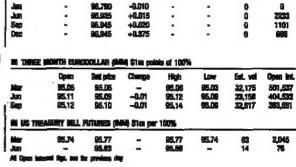
EXCHANGE CROSS RATES

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1.000	0.56	1.24	1.06	-	-	-



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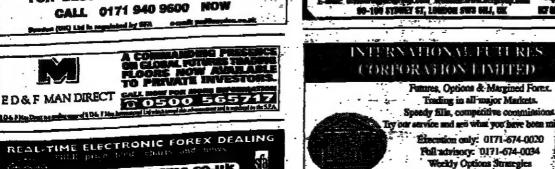
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97125	0.005	0.010	0.020		0.280	0,265	0.295	
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	night	police	Ricoth	months	in the last	. ,		har.	- 94.870	94,480	+0.030	94,510	9L440* 9L870	5125 9017	18278
to And Studen	84 - 1	54 - 4%	64 - 64	64 - 64				Jen	94,940	94,980	+0.010	94,980	94,940	5273	14362
interbenk Sherilog Sherilog (De		-	64 - 64	71 - 7%	M - 5	- 5 4 -		Date	94.426	94.545	+4.075	94.580	94,478	4103	12530
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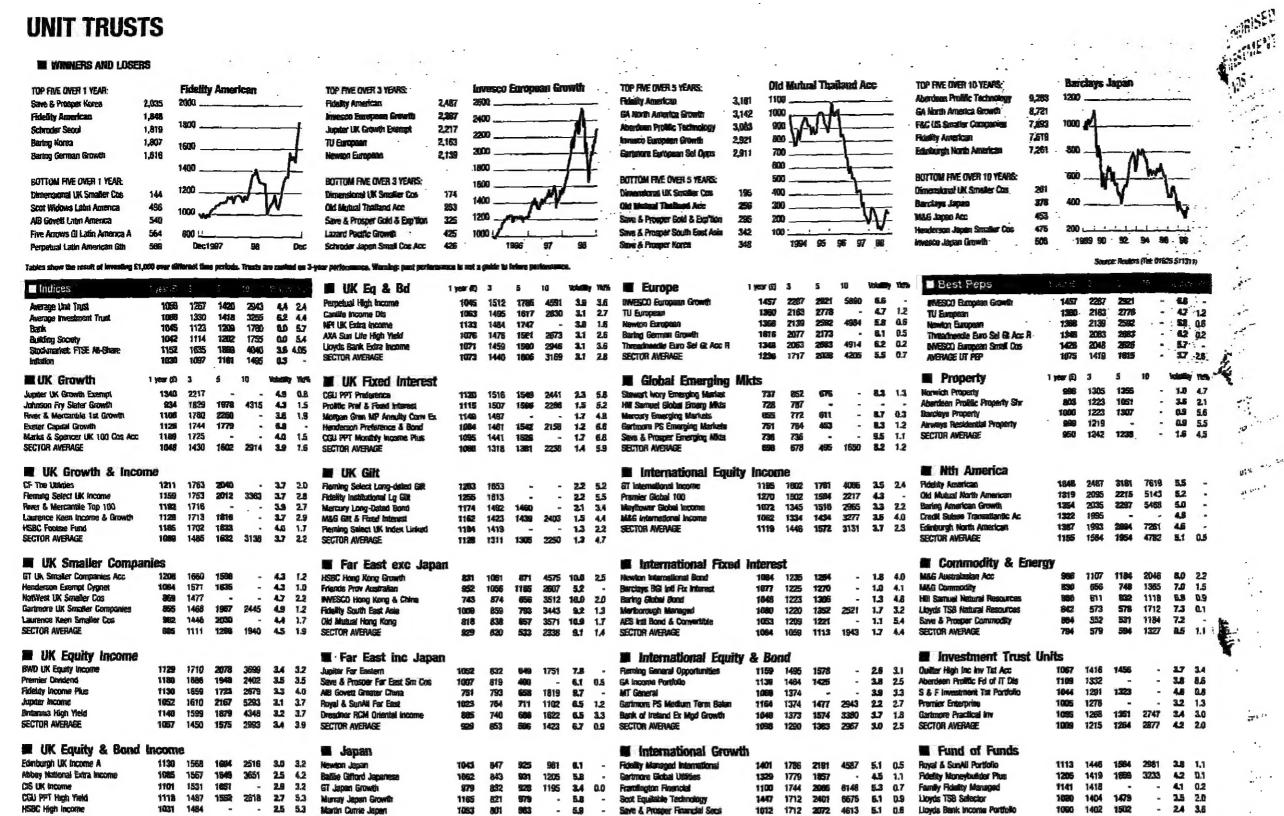
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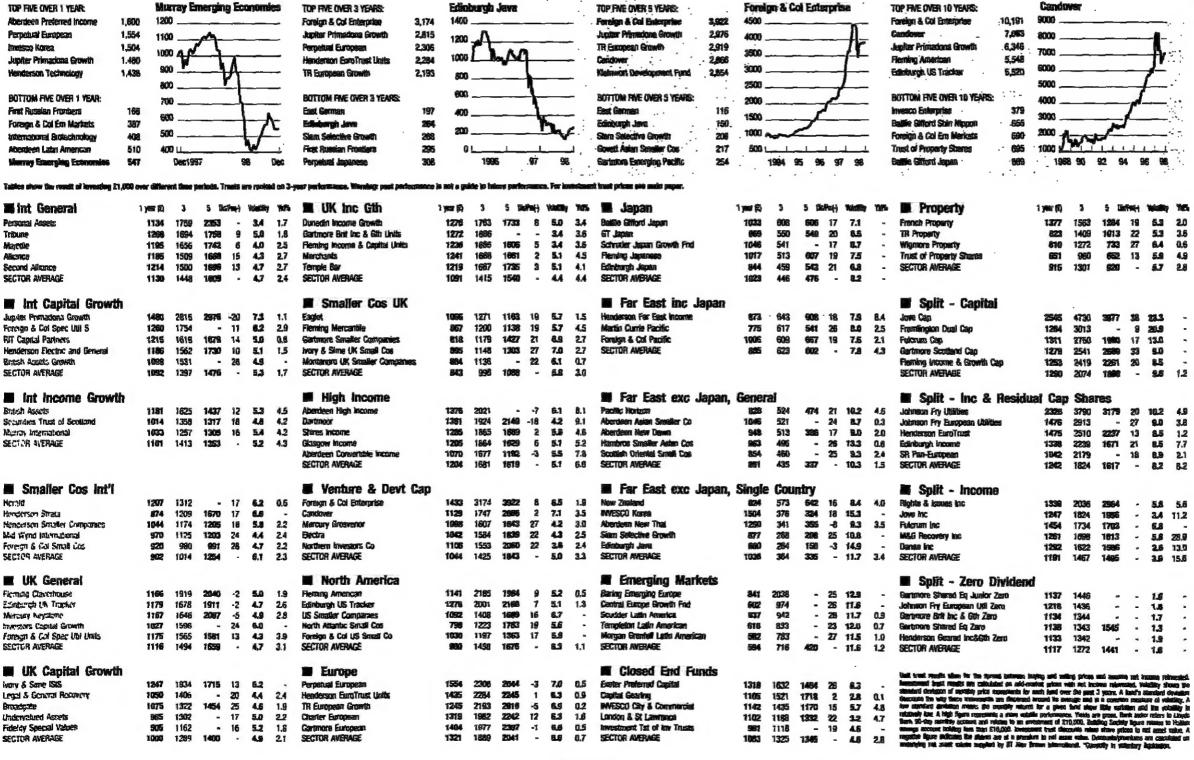
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INVESTMENT TRUSTS

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WINNERS AND LOSERS

SECTOR AVERAGE



Glossary

Performance: Tables like these are full Volatility: Shows the absolute variabil- Yield: Even this has traps for the Peps: Some unit and investment trusts. Discount: Investment trust shares tra- Split capital trusts: Caveat emptor. If of traps for the unwary. Trap 1: don't ity of a trust's performance. As a rule unwary. Most unit trusts charge their can be put into a general personal ditionally sell for less than their you do not already know what they make minute comparisons of unit and investment trusts - the unit trust fig-investment trusts - the unit trust fig-ures take account of the spread investing over the short or medium thus inflating the yield. Our managed can be put into non-qualifying funds to well under 10 per cent in recent income: capital shares get any capital prices in both cases. So comparisons flatter investment trusts.

have some high risk/high reward trusts against income, but some now charge in their portfolio to spice it up.

some against capital.

qualifying corporate bonds. Peps will discount is another reason why invest-be replaced with the individual savings ment trusts look better than unit isfy different investment needs. ent rules, but existing Peps will contimue to operate.

account in April 1999, which has differ- trusts on longer-term comparisons.

expect them to tell you which trusts of thumb, the more volatile a fund's management expenses against income, equity plan which shields investors underlying asset value. The gap are, you would probably be wiser to will do best in future - they are progress, the higher the return inves- so the yield is net of expenses. But a against income and capital gains tax. between the two is known as the dismerely a historic record. Trap 2: don't tors demand from it to compensate for recent rule change means that trusts. The rules are that you can put 25,000 count. In the 1974 bear market, dis-more than one class of share capital. the additional risk. Unusually volatile are allowed to charge some or all of into a general Pep and a further £3,000 counts were as wide as 45 per cent and The traditional variety is relatively between buying and selling prices; the term or those who cannot afford big investment trust ones take mid-market losses. But investors who can afford to which charge to capital. Investment ance, at least balf of a trust's assets tainty to investment trust share price nowadays splits are highly complex take a long-term view may want to trusts used all to charge expenses must be in European Union shares or prospects. The sharp narrowing of the with several different types of security

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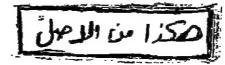
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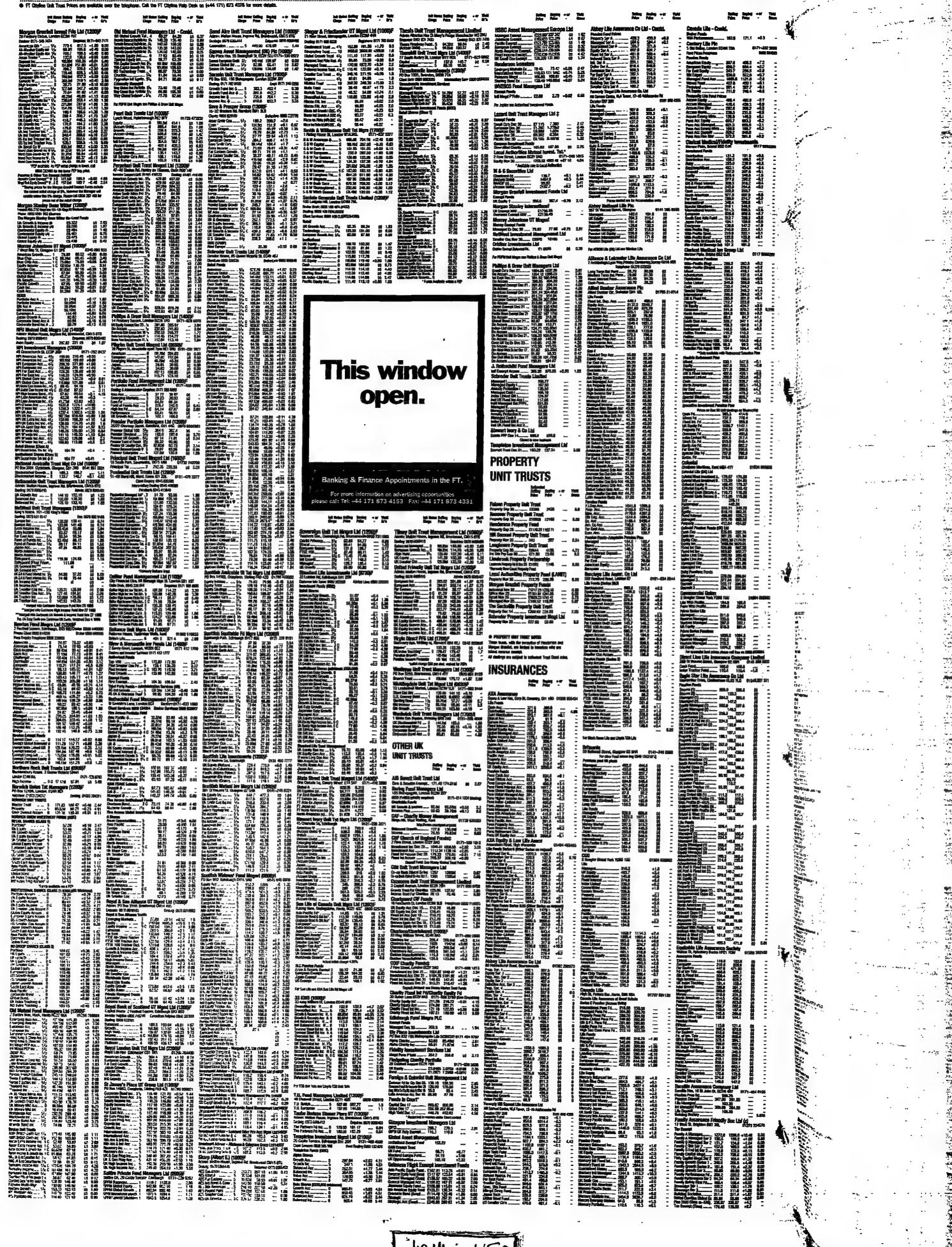
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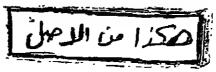
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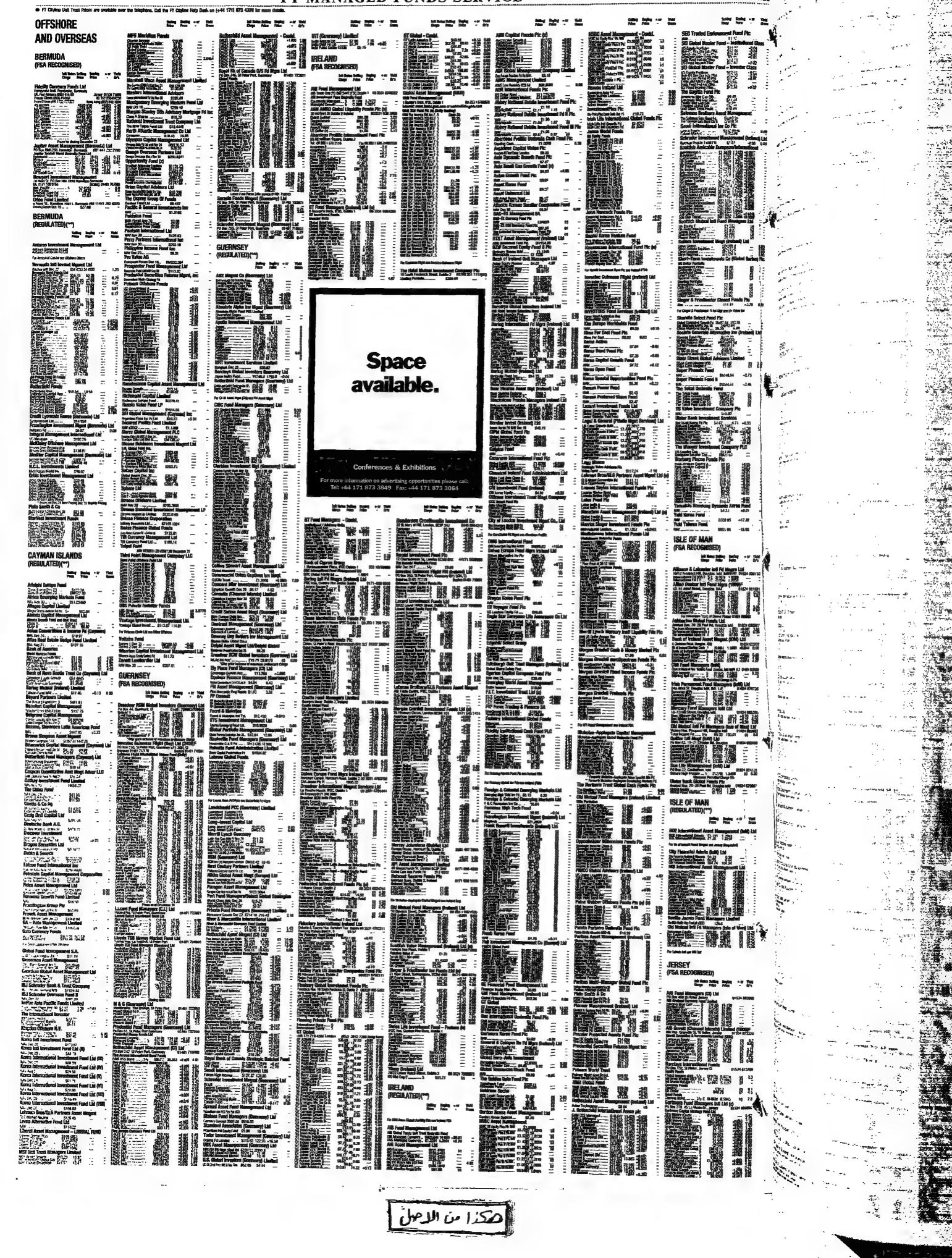
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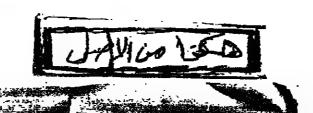
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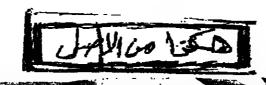
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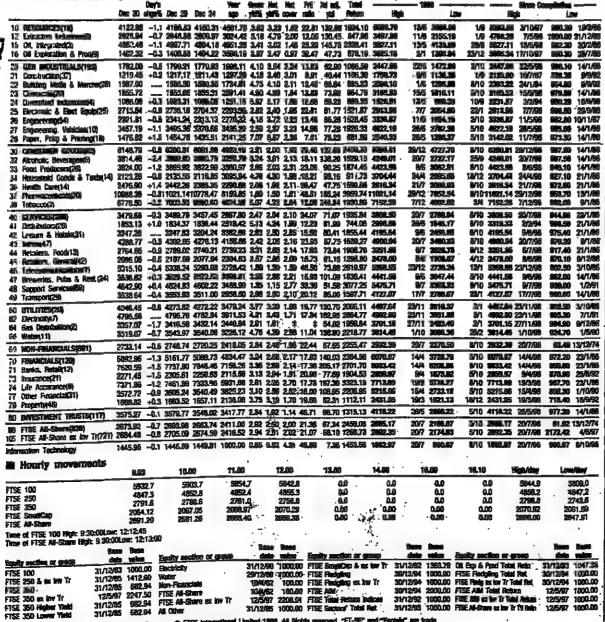
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Chemical Industry

Financial Times Surveys

Thursday March 18

For further information please contact: Catherine Markey in Edinburgh

Tel: +44 131 220 1199 Fax: +44 131 220 1578 email: catherine.markey@FT.com or Haj Haffejee in London

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FINANCIAL TIMES

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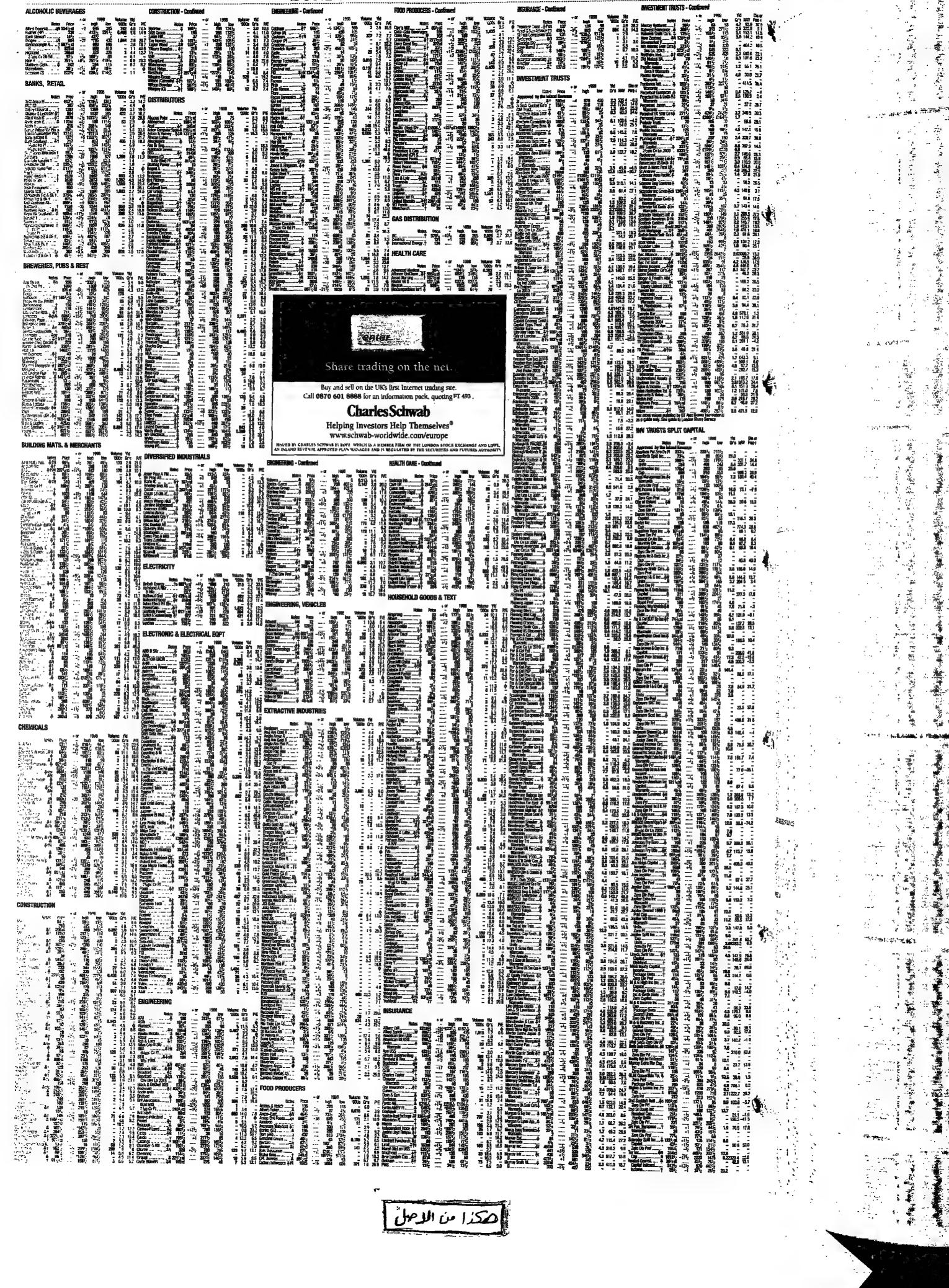
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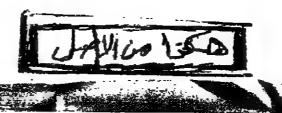
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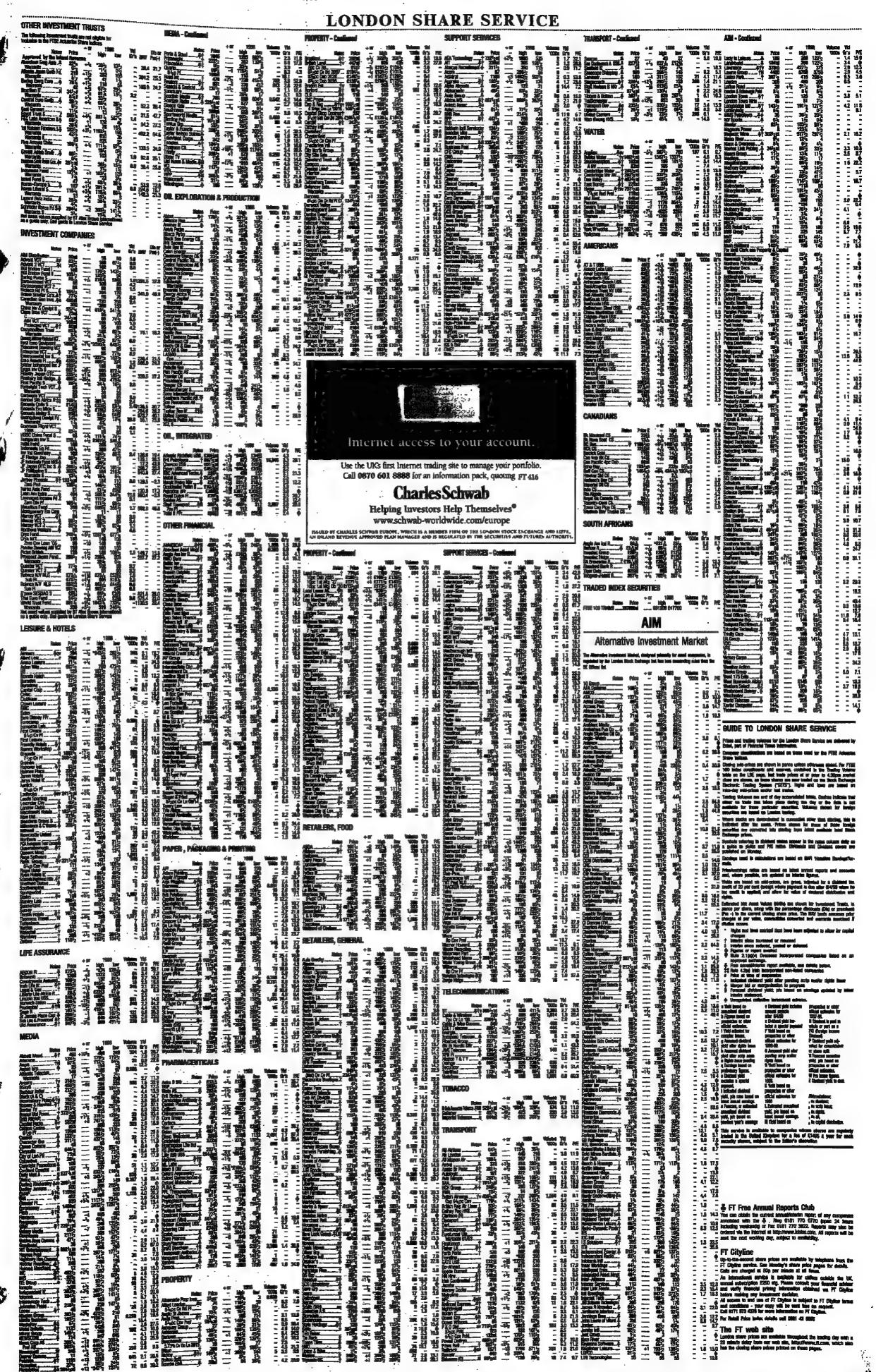
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حكدًا من الاحل

Dow weakens Brazil holds key to Latin American recovery but high-techs power ahead

AMERICAS

China

The final session of the year ended with markedly mixed results on Wall Street, as the Dow Jones Industrial Average lost more than 90 points but many computer and small company shares advanced, writes John Labate in New York.

A report that Bell Atlantic was in takeover talks with \$160. Airtouch Communications sent both moving late in the ession. The former plunged more than 7 per cent to \$53 while Airtouch gained \$2% or 4 per cent at \$721/4.

The Dow closed down 93.21 or 1.0 per cent at 9,181.43 and the Standard & Poor's 500 index fell 2.70 to 1,229.23. Despite the pullback in the

blue-chip index in recent days, the Dow ended 1998 with a gain of 16 per cent. The overall rise in the S&P 500 index was even sharper, up more than 26 per cent.

The Nasdaq composite rose 25.74 on Thursday to a 3ew closing high of 2,192.69, selevel that put its gain for The Russell 2000 index of small-company shares rose 10.05 to 421.96, down slightly from the year's beginning.

gained \$1% to \$85%. Amoco was the most actively traded share on the New York stock exchange, year since 1987. gaining \$4% to \$59 after US regulators backed its merger with British Petroleum. America Online also traded in heavy volume, up \$12 to

In the computer sector

Teradyne climbed \$2 to

\$42% and Sun Microsystems

Among Dow members, DuPont was the greatest percentage faller, off more than 4 per cent at \$53 h.

Midwestern bank Firstar rose \$17 to \$93% on its inclusion in the S&P 500. Internetrelated companies were mostly lower, with online broker E*Trade off \$41 at \$46%. Retailer SkyMall slid 24 per cent or \$6% to \$20% a day after it said its chief executive had added to his holdings in the company.

TORONTO saw out 1998 with an energy-fuelled rally on Thursday. The TSE 300 finished up 55.25 at 6,485.30, but in very thin volume of 55.9m shares. All but one of the market's 14 sub-indices were higher, led by the energy group which rallied 8.2 per cent after gains in oil

undone much of that work. Even though stock and bond prices have climbed some way from September lows, the region's stock markets have had their worst Uncertainty surrounding Brazil and its ambitious programme of fiscal adjustment

might escape the fall-out plunging Brazil and its regional trading partners into turmoll and further denting sentiment towards emerging markets. Many markets have come

back strongly from their September lows when uncertainty over Brazil led investors to dump holdings of all Latin American assets, Argentina gained more than 17 per cent in the last three months of the year, while Mexico was up about 15 per cent and Chile and Colombia more than 20 per cent.

Nevertheless, over the year as a whole, Latin America stock prices have fallen on average more than 30 per cent in dollar terms.

Five Latin American markets are among the 10 worst performing in the world. Venezuela, devastated by the oil price fall and political

of radical populist Hugo Chavez, has been worst hit. Its market lost more than 50 per cent over the year while four others - Colombia, Mexico, Brazil and Argentina - fell more than 35 per

International fund manage ers, who over the last five years have begun to look at Latin America seriously for the first time, have been frightened off, "Confidence has taken a severe shock in 1998 and it will take some time to come back," says Peter West, chief economist

uz BBV Sucurities in London. Traders say many socalled global equity funds have cut their Latin American asset allocation to zero. Liquidity has slowed to a trickle with daily volumes in Brazil hovering at about \$250m-\$300m a day, less than trader at BBV, says: "Only tors as governments press dedicated emerging market ahead with privatisation. Sergio Goldman, head of funds are really trading at equity research at Banco the moment. Other people

just aren't bothered with it." There are indications that the worst could be over. The markets have already discounted the expected sharp decline this year in economic growth and corporate profits. Price-earnings ratios have fallen to their lowest levels for several years.

Positive underlying trends and low price-earnings ratios offer hope in 1999 after last year's steep share falls, says Richard Lapper

Shares in Brazil, Colombia. Peru and Venezuela are trading at prices equal to only six times forecast 1999 earnings, according to Salomon Smith Barney. Chile is on a forecast ple of nine. while the two best perform-Mexico, are on forecast p/e ratios of only 10.

"On any historic measure these are profoundly cheap, Emily McLaughlin head of the Latin America desk at Foreign & Colonial Emerging Markets in London. "I can't remember the last time when these ratios were in single digits.

There are also some positive underlying economic by portfolio investors, international companies are con tinuing to commit large sums of money to the region. Even though inflows of foreign direct investment were expected to fall slightly in 1998, from their 1997 historically high levels, capital has

John Gannon, a sales and telecommunications secspecific names are promising

have less impact on sectors

like telecommunications and

energy companies, where

new private owners look set

to pursue ambitious invest-

ment plans. Earnings growth

in these sectors is likely to

Laura Forte, director of

Latin America equity

research at the investment

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in 1999 but investors must be persistent and take a selective approach. But the unpredictability of Santander in São Paulo, sava events in Brazil could upset that the cyclical downturn the most careful approach. If in Brazil, for example, will the government fails to put

its fiscal plan into effect the impact on investor confidence towards Latin America as a whole could be devastating. On the other hand, Brazilian success would quickly improve sentiment.

Brazil is key," says Mr West at BBV. "If Brazil makes it. emerging markets will come

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FTSE Europop 100	2723.87	-0.92	-25.21	2.35	40.15	976.39
FISE Ebloc 100	958.29	-0.23	-2.35	2.08	15.05	1013.33
FTSE EuroMid FTSE EuroMid. Roine	1140.39	+1.05	+13.02	2.92	2.11 0.53	1181.63 1241.45
FISE Breakle En Life	1209.00	+0.80	+8.65	2.24	0.40	1231.47
FTSE Europe 300 Region						
Burobloc	1249.69	-0.10	-1.53	2.03	21.67	1276.43
LIK Expose Ex-Eusebino	1092.82 1128.40	-1.51 -1.43	=17.00 -18.30	2.77 2.50	35.36 28.30	1147,40
Extrace Ex-UK	1234.40	-0.32	-3.95	2.07	20.00	1257.50
FIRE Employ Industry &	eciocii.					
PESCURCES	863.90	-0.86	-7 75	3.32	29.22	903.40
Extractive including	732.63	-1.57	-12.45	4,71	14.54	748.30
C4, integrated	R\$6.80	-0.35	-7.23	3.27	21.73	857.06
EDERAL POINTING	1065.18	-0.58	-£18	2.50	21.44	1087.84
Construction	883.84	+0.51	+4,47	2.21	T1.06	894.12 003.86
Subding Mails & Mercial Chemicals	840.BS	+0.04	+0.35 -7.08	2.62 2.78	8.96 17.45	E55.52
Diversified Industries	992.42	+1.04	+10.23	2.31	22.61	1015.12
Bectronic & Blect Boulp	935.97	-1.54	-10.81	1,71	8.41	941.07
Engineering Paper, Polig & Printing	575.22 783.40	0.74 4.05	-6.53 -32.23	3.68 2.85	13.02	867.30 764.35
CONSUMER COOK	1229.42	-0.60	-0.92	1.53	18.58	1253.24
Asiomobiles	920.24	-0.30	-2.80	2.48	10.25	928.77
Alcoholic Beverages	959.43	-1.27	-12.20	2.82	17.53	MO.15
Food Producers	1002.81	-0.33	-3.35	1.53	11.84	1014.50
Heisteld Green & Term. Heistigere	RS3.19	+1,40	+15,55 +29,16	1.58 1.25	8.84	113449 947.15
Premiuse de la	1091,74	-1.10	+29.18 -12.20	1.18	13.51 1.27	1097.87
Yobacco	1275.54	~3.01	-39.85	3.66	277	1299.83
SERVICES.	1215.11	-8.49	-5.08	1.90	24,50	1250.57
Distribution	801.99	+3.04	+23.63	2,72	11.37	811.00
A PROPERTY AND ADDRESS OF THE PARTY AND ADDRES	799.35	-0.84	-5.17	2.52	12.27	209.42
Macilia Retaillars, Food	1020.75 1045.66	-0.33 -0.24	-3.33 -2.48	2.25 1.96	19.86 15.00	1051,85 1061.83
Ruballers, General	1043.50	-0.20	-2.08	3.00	20.48	1064.82
Telecommissions	1171.04	-0.78	-9.52	1.59	15.18	1188.49
NAME OF THE OWNER, WHEN	700.01	-0.40	-3.18	3.47	24.56	H3.71
Support Servicus	1057.50	+0.30	+2.14	1.29	9.87	1083.77
Transport Information Technology	957-36 852-01	-1.34 -0.67	-12.98 -5.75	2.69 0.44	18.34 2.33	975.03 854.04
BTILITIES	1494,66	-1.25	-18.87	2.05	62.05	1565.18
Bectricity	1138.34	-0.06	-11.21	3.09	31,89	1174.79
Bas Distribution	1219.30	-2.05	-25.49	1.54	61.32	1342.41
Heiar	995.21	-1.45	-14.69	4.89	47.79	1042.27
PHANCIALS	1288.25	-0.87	-11.16	2.56	27.96	1307.02
Banks,Retail	860.84	-0.82	-7.09	3.38	13.60	673.07
industrico Life improsce	1012.88	-0.74	-7.59 -17.71	1.57 1.51	11.79 12.98	1025.00 1226.98
Other Personales	841.78	-2.51	-17.71	2.30	15.95	1220.96
Investment Companies	993.29	-0.26 -0.84	-2.60	1.90	25.65	1017.12
	838.80		-4.14	3.74	21.25	955.40

COUNTRY REVIEWS... 191 COUNTRIES... 191 REPORTS

Mexico City edges lower

MEXICO CITY closed little thin, pre-holiday market muted initial reaction to con-1999 federal budget.

3,959.66 amid profit-taking after rises on Wednesday in anticipation that the budget

CARACAS edged higher changed on Thursday as a on new year's eve although analysts noted that it was the most depressed market gress finally approving a in the region over the course of 1996, battered by languish-The IPC index fell 1.12 to ing oil prices and economic recession. The IBC index Tose 25.21 to close at 4.788.68. down 51 per cent in dollar

Profit-taking hits Jo'burg late buying. News Corp rose

SOUTH AFRICA

rioting

FLOSE APPEL

HOLL

Johannesburg ran out of steam as investors pocketed profits built up recently on softening money markets and rising hopes for an official cut in interest rates. The all share index lost 7.8 cents to R100 and Firstrand

at 5.430.5. Industrials contin-. 18 cents to R6.42.

ued to improve, adding 2.4 at

up 81.5 at 8,535.4 and golds tumbled 7.6 to 871.5. Sentiment was overshadowed by negative money supply and credit extension news. Danks were active. Nedcor fell 200

Position squaring in the

closing stages of trading on Thursday lifted SYUNEY, pushing the All Ordinaries index up 29.2 to 2,813.4, a gain of 1.1 per cent. Selected blue chips saw

America has fought hard to

change its reputation as a

portfolio investment. But

high-risk destination for

is casting a shadow-over the

Hones that Latin America

from the economic crisis in

Asia and Russia evaporated

in the summer when Rus-

sia's debt default triggered a

flight of capital from Brazil

and a reduction in financing

from international capital

markets for all emerging

tional externally dependent

economies had already been

hit by falls in commodity

prices and reduced demand

for manufactured exports.

And as all these problems

intensify, economic growth

is slowing and corporate

earnings are under pressure.

Brazil, the region's higgest

economy, faces a potentially

deep recession. Many inves-

tors fear its fiscal adjust-

ment programme - and its

\$41.5bn package of interna-

tional assistance led by the

International Monetary

Latin America's tradi-

prospects for recovery this

6 cents to A\$10.78 and AMP, shich moves to full weight ing in the benchmark index 6,264.4, but financials gave on Monday, added 27 cents or 2.9 per cent to A\$20.67. Banks gained ground, ANZ rose 13 cents to A\$10.68 and NAB 20 cents to A\$24.60. Westpac added 14 cents at A\$10.92. Among resources.

BHP rose 21 cents to A\$12.01.

2,065.28. The main selling over speculation got behind centred on heavyweight NZ managed to end the year Telecom which fell 23 cents within 11 cents of its 1996 to NZ\$8.25, its low for the high at A\$7.63, up 8 cents. HONG KONG ended lower

Rush of late buying boosts Sydney

in minimal volumes with the market closing early ahead of the new year holiday. The Hang Seng index fell 73.86 to 10,048.58 in turnover of less than HK1bn. Blue chips drifted lower. HSBC lost HK\$2.50 at HK\$193 and Cheung Kong HK\$1 at HK\$65.75. China stocks also lost ground. The red-chip

index fell 0.7 per cent. 239.95 or 1.9 per cent at M\$4.36. Media-driven take-

day. Power NZ bucked the downtrend, adding 20 cents at NZ\$6.40 on news that its assets swap with TransAlta NZ had been completed.

KUALA LUMPUR pushed higher after buying by gov-

late profit-taking to close sained M\$1.05 to M\$10. Sime cents to T\$30.50. Disposal

property group Taiping Con-8.5 cents to 59.5 cents. BOMBAY was hit by prof-

it-taking which reversed a three-day rally of almost 5 per cent and left the BSE index down 54.92 or 1.8 per cent at 3,055.41. Telco, the most actively traded share.

with the 40 capital index off Darby dipped 12 cents to news sent Tuntex Distinct limit up at T\$6.15.

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UK Treasury Strips

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- Corporation and County
- laikegion Corp 12:00% Red St. 2007 146
- Lakontect (City of) 7% Ln 80, 2571/2019 -
- UK Public Boards Past of London Authority Post of Landon
- 314. Str 49/39 99% (\$20m66) Foreign Stocks, Bends etc- Oupons Payable In London
- BAA PLC 57/14 Criv Bds 2006 1,506 Halles PLC Coll Rig Rus No 02/2005 ((Apr.) - 2105% (200) Healtex PLC Coll Filing Fise New 02/2003 E (Var) (Br) - \$102 (2000) H\$8C Hidgs PLC 97ch Sub Bair 09/6476 E

(Var) (24) - 125 (240-46)

- National Westerhater Bank PLC 15 MC Und - 188° - 10°C at WC) 00012 at H duß ice (Jersey) PLC Bles Con Cop Scis D4/04/08 (Fles) - 107 (29/De96)
- Pont Issuance
- Programmes Abbey National Treasury Serve PLC Gld Pilg The Hand St. (No.) (Fe) - Mark Section (C)
- Northern Flock PLC Flighfled File May 17/09/01
- Sterling Issues by Americ Burd, 9% Lot 88, 2001
- (Br) 107% (23De98) etical 1476 in Sk 2016 -
- material Bank for Rec & Dev TLB's La Rt 2003 - 127.2 (23D)
- Listed Companies (excluding investment
- labor National PLC 1096 Non-Care Site Par She E1 - 189.625 (290.000) Abbey National PLC BAS Non-Cum Salg Pst £1 - 154% (24De
- 113 (3) etmente PLC 1096 1st May Dath St Matern Group PLC 8.25p (Net) City Cure Red
- Aller Domes PLC ADR (1:1) 9.88 PLC 9745 Date Sta 2019 - 195 Alvis PLC 5.6% Caw Com. Non-Vig Red Pd 21
- 95% Z4De98) FILE S 30 40 4 5 Arcadia Georgi PLC 8% Une La Sik Stratte Asters (9st) PLC Out 10p - 84 (24Outs)
- Products PLC 874 Cust Pd 21 -110 (24De96) taley (C.H.) PLC Ord 10p-7 (200408) Berryton Hidge Ld 89th, Line Ln Sak 057 - 99 (28De9E) cters Bert PLC 19% Una Cap La Sal
- 156 PLC To She 96 p 92 (0, 1, 0) Best PLC 1045, Dab 93, 2016 - 154 80 1 BG PLC ADR (土1) - 型原形 (図) tor Ord - 6 (29De98)
- TO GOLD PLG 10% Cum PM EL 120 (23De96) BLP Group PLC Sp (Nat) Care Care Red Pul 100 - 91 1 (24De fue Cardo Industries PLC AOR (1:1) - 5.48
- Bure Circle Industries PLC 54% 2nd Date Site 84/2009 - 101 (24D496) BOC Group FLC ADR (2-1) - 24.3 .32 .49 mouth & West Heropstice Water PLC 8.5% Cum and Prof £1 - 139 (230e98)

thoral PLC 9% Care, Red Pri Et -

Bristol & West PLC Pri 51 - 127 to (200000) (29De00) % (29De90) % (29De00) % (290a0) \$ (290a0) \$ (290a0) \$ and & What PLC 19945 Unit Perp State Balls. - 1731 (29De00) 93 (29De00) 5 (20De00)

- 162 1 (230e) Bearing She \$1000 - 197 (290)e880 PLC ADR (10:1) - 67.575 #90+98) 5 (290+98) 5 (290+98) 5
 - Criv Into 6 Oct 25c) 86.93 (210x86) .90 DES CHARLES TOS LOD SIETS (SIR 2005 (100,000) 25 (200,000) 31 (200,000) 312 (100,000) 52 (101) 3162 (101) 2. (100,000) THE PROPERTY AND PERSONS AT .9125 (290w05) ,95 (20) ,96 (290w05) 1 (290w05) 1 (290w06) ,08 (40) ,375
 - nt Co PLC 8% Com 1nt Paf \$1 (8:1) - 45,5825 (20) .625 (20) 7.08 (3)
 - Mr Store PLC ADR (10:1) (29D-409 J125 0) J15 (B J475 09D-40 1.0 NO 15 CHO PLO ADR (10:1)
 - STR PLC ADR (8:1) 8.505 (360+86), 405 (200405) STR PLC Nov-Cum Red Pd Str. 36fg - 88
 - (200mm) 3 (200mm) 3 (220mm) 6 (200mm) 3 (220mm) 1 (220mm) 6 h Castol PLC ADR (2:1) - 28-86
 - ciculate PLC/LCR Cardiusy Schwarzen PLC ADR (4:1) - 6927 Cumpos PLC 69/4 Cum 1st Pd 21 - 85
 - 40 P.C 85m 67 92 (iii 46,25 (290mm) lone PLC 5.5p (Mail) Cast
 - Critic PLC 5% Corr Cure Pri 80p 199 210 (2010-00) Cgu, PLC 99/5 Cum lind Pd \$1 - 147% Countries and Comment Prints - 182% 200-20 1 (200-2) 1 (200-2) 2
 - PH 21 47 % 8 50 % (230 mm) Patons Ld (AT), Une Ln Sik 200807 E 250 40 6 Militard Coal PLC 8,5%-Corr Red Com
 - PH \$1 66 (23De66) # PLC 7% Chr Bds 2/11/2001 (Pagl - 1875 (SECAND) O (SECAND) In Committee Basis PLC \$2275 Non-Char (set PH E1 - 157 (240)498
 - 选行-9.83(7 回) Country Building Buckey 1290. Penn Int. Bearing She 21000 (Reg) - 185 9 (240 MB) L& General Trust PLG Onl 50p -2980 450 Z3D+88 ero PIC 8Nt Lo Stx 2009 - 107 (29De00)
 - Read PLC7 45 Use in St. 2002/07 - 102 (23Du98) Part PLOTAL Und in St. 2002/17 - 101 (23DeFE) PLC 0-4 100 - 64 (1900-Danced PLC ADR (4:1) - 47.5 (250:55) 500 (200405) 75 (200405) 875 (200404) 875 (200405) 875 (200405) 826 (200406) 3

Discos Group PLC ADR (R:1) -41.65

Non Cum led Pri El - 132 (250e) Enterprise Of PLC 10745 Line La St. 2013-142 (29Da98). Div Prof Shis 1p - 188 (290e08) en PLC Out 2n (54(A) - 21) 2.202 3 (200+FH)

DOG OF PLC Was to Sub for One IEP0.25

- Pullbur Lef 1996 to State for Com 20 (22/Dub) ME PLOADR (41)-17-18 (MDe00)
- or Sections PLC 756 Care ind Pri 21 IN COOPER & COOPER and Accelorate PLC SPAIN Cours level Print I
- eneral Electric Co PLC ADR (1:1) 9.95 from YANGOOMO PLC ADR (2:1) - 69 (10) .27 (290w00) S (290w00) resents Group PLC 10% tot Mig Date Stit.
- 182/18 153 (290-98) Grant Posterol Estates PLC 9.8% 1et Ma Date Str. 2006 - 144 5750e88
- Page 1 (Tage) 101 (2002) PLC 1965 Pup Sub Box 1-300 (25Oul6) Hour PLC W She 25,780 - 20 (290)488
- Mindows Histor PLC ADR 44:11 4.86 gczwerej IBC 160gu PLC 11.69% Gebont Gde 2002. 21 (Pleat - 104 15 (22 DeGS)
- leal Industries PLC ADR (4:1) 35.56 (B) COPLE PO PALED-TIE
- Javany Electricity Co Ld 'A'Ord Et 36. (29Dx86) LASMO PLC 10⁹65 Dab St. 2008 - 128
- Page 14 Santing May 200% (MChatt) lagai & General Group PLC 64% Cw Balance Ban Streets E1000 (Fed -342) (550-668) (250400) alia What Group PLC Ord 20s - 8% (6)
- Liberty International Hidge PLC 5765 Sub Ci But SOUGESTE ET (Flegh) 104 (23De06) Liberty PLC PS, Com Pyl Et -40 (25De06) mai Group PLC ADR (5:1) a Hitiga PLC IPM, Cura Pt
- E1 102 (23De86) PLCADR 18:13 - 42/7 .55 FIG 5 8-11 3/7p - 10 (200-15) in (John) PLC 9% Com Pri 21 - 150
- MEPC PLC Non-Case Red Pd 12' She 100 FCPLC #5 lim to the 2 uni Ratal Group PLC (PAL Una La Sile 98/2004 - 97: (ZEO+88)
- PLC ADR (4:1) \$38.5 290u98; 95 (21Du98; 95 (21Du98) Contact Blank PLC ADR 48:7) 士 Book PLC 9% Ser/Athon-Com PM Et - 157% (28/2488) *

2008 E1000 (8t) (Pag 5) - £125 (20046)

Bearing She \$1000 - 1989, (290)488) 71 (290e95) 8 (290e96) % (290e95) e Bolding Society 1246, Perm in: Bearing Stat \$1000 - 198 (54De8) ers Poods PLC (Pile Car Sub Bis 09/09/28 E:000 (Rg) - 98% 190% (200min) Ocuser Group PLC B Site 95% - 88 (2)

Own PLC ADR EX) - 57,575 (A) * 8,00 (A)

- ing Roods PLC Cov Red Pd 12.50 124 Gles PLC ADR (4:1) - 53,7482 ales PLC New Out Stip (FP/FN).
- ing Pagnel PLC 88.25 Com Cov Red Pa (Studing Compan) - 10% (25Delit) County Meet Houses PLC 10%% No. ONE PLC 109% for M REALIST PLC 9% COM PA'CI - 80

Pennist Fermi PLC ADR (2:1) - 6 (2:10=00)

මෙන් දිවා ලිකෙන්ව සැදු ලක්කෙටු සැ අතුරුව දිවා ලිකෙන්වූ සැදු

ernment-controlled funds. The composite index rose 2 per cent, adding 11.57 at 586.13 by the close. Market heavyweights were the main buying targets. Tenaga rose 90 cents to M\$7.80 in 33m WELLINGTON ran into shares traded and Telekom maker Mosel dipping 50

> Regal Hotel Group PLC Cas Cusa Red Pri 2001 E1 - 96 (29De96) REXAMPLE TO SHOE! - 95 (16. 0. 2. 0)

PRO TINDO PLIC ADPI (4:1) - 45 (05D406) al & Sun Alliance Ins Group PLC 7961 Cum lad Paf £1 - 131 h (290+00) h

yeneir Holdinge PLC Onl IEP0.04 - p125 way Group PLC With to Shab for Oad 3% (290±96) n Pieer Consider PLC 6% Index-Links

- wwm Trant PLC 学 Shs 350 St 40 Show (Arthur) & Co PLC Oct 0.10 - 1.25 (29De86) half Transport & Trinding Co PLC ADR (6;1) -37.37 (18)
- Browth Group PLC Ord So 18 (200000) 8 (200w00) pts (200w00) Shipton Building Society 12*4% Perm Int Swering She 20000 (Fieg) - 2005/c (200w00)
 - 9 [29De96] Pheros PLC 15 Warrants - 4's 200 mile (10) AS (10) 70,600\$ (20) .75 (10) 1 with (W.H.) Group PLC Non Cum Red Pdf
 - Into & Late PLC ADR (4:1) 21.94 (200e)68 Seeco PLC 4% Una Deep Discount (in Silk 2006 - 12% (230mHZ) HFC (Indexed 2) Ld 5.5% Index-Linked Sti 2024 - 153 (29De95) GAPC Ordered Ltd 5.65% Index-Littled Sik
 - 2020 157 (29Dellis) ot Goog PLC T Sta 34.4p - 33 (23De/6) Under NV Oct NLB1 - HISTOT. TE CO CALL STATE OF STATE O
 - Users & Southern (#8th PLC-5) (Immed Com CrecRed Prof. Stra-60p - 47 50 ing Group PLC Line La 18e 2000. - pel
 - (29De08) 2125 (29De08) .4375 (29De08) 2000 E1 - 100 (200495) ns PLC Non Com Cov Red Pal 9"34p 30 (29De99)
 - 637 Del 20 2019 1119 (2004) W nove Casum PLC Wils to Sub for Old - 10 29(6CA Group PLC ADR (1:1) - 44.25

ton & Deditor Beavaries PLC

Investment Trusts rchen High Income Trust PLC 7.1% Dab 3st 2006 - 112 /29De969 2 (29De96) Sub for Onl 50p - 18 (230x86) urgin law Tile PLC 3.89% Cum PM Sit. -(00% 028De00)

se Capital Treat PLC 15 Com Red

- Prof 57p 52 (250 kHZ) Bending Account & Growth for 18t PLC 5% Cusa Pri Bik - 180% (23/De96 ESCO English & Jol Tile PLC 8-875% Cam Pri £1 - 1421-12306989 MINTER COMMINERS SMONES & CROSSES & CRESHING & Monto Ity Viz PLC offer Deb Str 2023 - 115
- 157 (29Da66) Jun Profession Tout PLC 1,4% Cor Una Lui Rak 2006 - 182 (29De68) When hw Co PLC 8/45 Deb St. 2016 - 136%

and International Holdings PLC 9% Chi

lost Rp5.70 at Rp163. TAIPEI ended lower for the sixth session running. to 8,418.43 in turnover of T251.7bn. Klectronics fell 0.8 per cent with semiconductor

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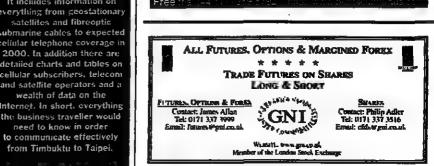
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should a trial be ment when I was led into had been moved south of agreed, 12 of us, from the 17 court and very nearly nature and was, in any case, the river on a temporary or so in each batch, would basis some years before and, be selected to hear the case. to be. A fellow potential cake - the sort of misfit as its the way with The rest would return to the juror, who had earlier who in former times would

eral more trials of a similar as that empanelled. But it was not as unbalanced as a fruit of justice, truth and the

Thus did I serve the cause British way. Henry Fonds

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Hardern steps up conversion campaign

By Andrew Bolger and Jonathan Guthrie

Michael Hardern, a former myal butler and self-styled carpetbagger-in-chief, has stepped up his campaign to force the UK's largest to banks. The societies tarremaining building societies to convert into banks, thus providing windfall payments to their existing savers and

Pressure from institutions

has forced the London Stock

Exchange to change plans to

reform the way companies

report debts when applying

Under present rules, direc-

tors have to give an up-to-

date statement of borrow-

ings whenever a company is

seeking to raise capital on

the exchange, including flo-

tations and rights issues.

This supplements informa-

tion on creditors carried in

the balance sheet section of

the accounts, which may be

The statement of indebted-

ness has long been seen by

companies and their advis-

ers as an unnecessary and

expensive imposition that

limited usefulness. The

exchange proposed dropping

the rule, a peculiarity of

London, in order to bring

itself into line with other

exchanges in Europe and

But investors thought it

tion at a time when compa-

they saw as useful informa- supported "future recogni-

around the world.

vealed information of only

to list new shares.

to revise debt

reporting plans

societies, saying he wants to stand for election as a director and proposing they take immediate steps to convert geted are: Britannia: Yorkshire; Coventry: Portman; Chelsea; Leeds and Holbeck; and Skipton.

The Association of British

Insurers, representing 440

investors, said the statement

of indebtedness had real

"It is a statement by direc-

tors on a company's debt at

a time when they are invit-

ing further investment - and

It is therefore very impor-

The National Association

of Pension Funds also sup-

ported retention of the

The stock exchange con-

cluded it would be inappro-

priate to drop the require

ment without substituting

"a more practical and less

It now plans to develop a

disclosure rule "which will

provide more relevant infor-

mation to investors and will

impose no greater (and hope-

tant," the ABI said.

Mr Hardern also said his Mr Hardern - who last experience of building soci-July narrowly failed to force ety democracy had led him Nationwide, Britain's biggest to found another campaign -

"to bring continuous direct after being besieged by pro- big ten, Birmingham Midof the 10 largest building said: "As a first step, every Bradford & Bingley, the secrekindled and ignited here in

> Portman, the sixth-largest building society, this week failed for technical reasons. halted new account openings

appoint a proxy to do so. The veyor, announced he would internet means the flame of stand for the board and to 49.2 per cent of members. Athenian democracy can be move a conversion resolution in votes due in April. In 1997 a B&B conversion resolution tabled by Mr Hardern

alise - has written to seven democracy to Britain". He spective carpethaggers, shires, voted earlier this month to accept a £750m bid citizen should become a ond largest building society, by Halifax. Another conver- no legitimate interest in our member of the House of also learned this week that it sion motion cannot be put to affairs. . . . The figure of Lords. This means everyone faced another challenge to Nationwide members until \$2,000 is plucked out of the would be able to vote on convert. Stephen Major, a 2001, even though Mr Har- air." every act of parliament, or Northern Irish quantity sur- 'dern's attempt was only defeated by a margin of 50.8

He has asked Yorkshire to transmit a message from him to its members claiming their conversion windfall could be worth "up to £2,000 Members of the last of the perhaps more". David Ander-

ber of the Yorkshire and has

Bob Goodall, co-ordinator of the Save Our Building Societies group, said: "We will lobby MPs vigorously to introduce primary legislation to amend

the Building Society Act 1986 to remove the section that

Stock Exchange | War Loan gives return of 47%

tion date.

Forget the euro. Ignore the pundits who say shares give better returns than bonds, and the rocket scientists who run those rickety hedge funds. The place for your reforms should reflect the money this year was in a increasing use of financial forgotten corner of the UK's and therefore theoretically government bond market. instruments and their effects The tens of thousands of on a company's debt struc

> British investors who own War Loan - first issued by Lloyd George's government in 1914 as Europe headed for catastrophe - have enjoyed a total return in 1998 of nearly 47 per cent. That compares with 31 per cent for long" bonds maturing in 21 years and a comparatively

> pitiful 17.45 per cent for the

The Debt Management Office (DMO), which admin- interest rates could soon isters British government make it uneconomic for the bonds, or gilts, says there government to continue payare more than 100,000 holders of the £1.9bn outstanding War Loan, which is undated

exists in perpetuity.

the top UK companies.

good things. War Loan is redeemed. "If bond yields hard to buy. Much of it is continue to fall this year, it owned by the descendants of patriotic Britons who belped finance the war effort between 1914 and 1917, when the last tranche was issued. This combination of a dis-

Unfortunately, like a lot of

stockbrokers in Edinburgh. Sutherlands forecasts that the yield on 10 and 30-year persed investor base and the cost of posting interest

FTSE 100 index of shares in War Loan expensive to the War Loan pays. administer. And more to the Paul Gibbs, an adviser at point, falling inflation and the DMO, agrees that

redemption of the War Loan is an option, but only in cer tain circumstances. "It ing interest on the stock wouldn't be in the governwhen it could issue a cheaper gilt with a redemoment's interest to redeem it at par unless it could get funding at 3.5 per cent for a This has led to speculation very long time," he says. that War Loan might be

City experts suggest get ting holders to agree to redeem might not be easy. In 1932, when the government offered War Loan investors gilt specialist at Sutherlands the option of redemption or accepting a cut in the inter est rate from 5 to 3.5 per cent, most opted for the lat gilts will be at 3.5 per cent at ter. It is unlikely they would

Kalon poised for Polish deal

Kalon, the UK paints group. is poised to make a cash offer for up to 60 per cent of Poland's largest coatings producer, a stake valued at more than 238m zlotys (\$40m), after receiving permission to bid from the country's authorities.

fully) lower costs on compa-Kalon, in which Total of The Prudential welcomed France has a majority stake, said it had already bought 5 was wrong to ditch what the exchange's move. It also per cent of Polifarb Cleszyn tion of financial instruments Wroclaw, a quoted former nies were being urged to at fair value in listing docustate-owned company floated communicate better with ments" in order to take in 1994, and that it aimed to their shareholders. They account of modern corporate buy a total of 65 per cent.

mission said it had approved the planned purchase after Kalon, which is expected to bid through a Dutch subsidlary, said it would not seek to delist Pollfarb.

The company, which is based in the industrial city of Wroclaw, makes decorative, industrial and automotive paints and coatings, and has one of the largest capitalisations on the Warsaw bourse At its closing price of 8.35

zlotys on December 31, Polifarb was 4.5 zlotys above its low last year of 3.85 zlotys. giving the business a market

Under Polish law, investors per cent have to make a public bid for all the company's shares.

might be economical for the

government to redeem

them," says John McNeill, a

Kalon - one of Europe's largest manufacturers of decorative paints - said it would not change the profile of the Polish company, and intense price competition. that it would continue to produce for the local market. the company - which In 1997, Polifarb made pre-

tax profits of 61.5m zlotys (£10.6m) on sales of 559.5m zlotys (£96.5m) and had net assets of 309.6m zlotys (253.4m).

Edward Platek, chief exec-

farb expected to increase which acquire more than 50 profits significantly this year after making a net profit of 33.7m zlotys in the first 11 months of 1998,

Kalon, which makes ownlabel paints and the Leyland and Johnstone's labels, has been hit by bad weather and Interim pre-tax profits at

merged with Total's paints division in 1995 - fell from £24.4m to £21m in the six months to June 30 while turnover dipped from £243m to £241m. Its shares halved during last year, ending 1998

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BUILDING MATERIALS

Blue Circle whittles down bathroom bidders

Blue Circle, the building materials company specialising in cement, has whittled down the list of bidders for its bathrooms division, which is valued at about \$200m and includes the UK business Armitage Shanks.

The group has selected five main bidders out of 28 which qualified to receive an initial sales memorandum in an auction managed by Lazard Brothers, the merchant bank. Blue Circle said they were all "serious contenders" and their representatives were now visiting factories to assess the value of the business. Blue Circle appears likely to complete the disposal by the self-imposed deadline of April. It said there were no surprise candidates in the running to purchase the division. Among possible buyers mooted by analysts are Sanitec and Keramik of Switzerland, Ideal Standard and Kohler of the US, Villeroy & Bosch of Germany and Roca of Spain, Jonathan Guthne

ENGINEERING

Redwood has 83% of Clyde

Redwood, the vehicle set up to bid for Clyde Blowers, has received acceptances from investors with 83 per cent of the shares of the Glasgow-based engineering company. Redwood, which was formed by 3i and Clyde's executive directors, announced an agreed 165p a share offer in November, valuing the company at £24.5m.

Management decided to participate in taking Clyde pnvate, after becoming frustrated by the falling share price which made it impossible to expand by issuing shares to pay for acquisitions. 3i said on New Year's Eve the offer was close to becoming unconditional. Virginia Marsh

INSURANCE

Ockham bid unconditional

Ockham Holdings, the Lioyd's Insurance group, has declared its bid for New London Capital, the Lloyd's insurance market investment trust, unconditional, after receiving acceptances representing 91 per cent of the shares, Ockham had is offering six new shares and 10p in cash for every five New London shares, valuing New London at about 94p per share at Ockham's closing price of 761/ap on Wednesday. New London shares were at 87p, up from 67p before the offer was announced on December 9.

PROPERTY

Gander in reverse deal

Gander Holdings, the residential property investment business, is to reverse into Anagen, an unlisted shell company, with the aim of reducing its tax liabilities. Anagen, previously a blotech company, has agreed capital tax losses of more than \$27m with the tax authorities, which Gander plans to offset against gains on property disposals. Anagen is offering to buy Gander in a one-for-one share swep.

UNIVERSAL ADD-INS

LAUNCH OF VERSION 8.

amford Court, Three

were also keen that any finance practices. The Polish Securities Comvalue of 397m zlotys (£69m). utive, said last month Poli- at 87/ip, down from 198/ip.

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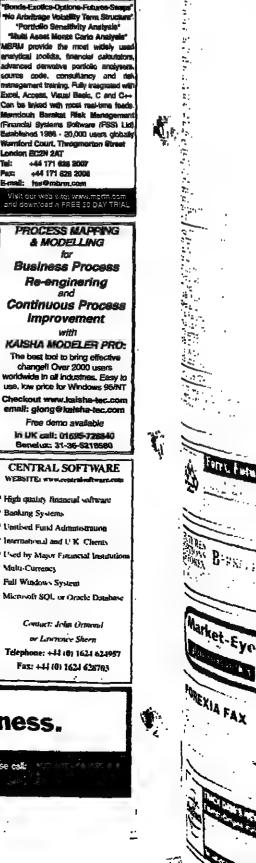
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1.

Magellan outperforms index funds

By John Authors in New York

Fidelity Investments' Magellan Fund, the world's largest mutual fund, comfortably outperformed the S&P 500 index last year, completing its recovery from its disastrous bet on bonds

The return to investment performance success by Fidelity, still the world's largest mutual fund manager despite a series of defections by senior fund managers, bucked the trend in a funds comfortably outper-

funds for the fourth year specialising in natural estimated that its S&P 500 the fund into treasury running. resources and real estate, fund had performed better bonds. This was an unsuc-

According to Alpha Equity Research, a persistent critic of Fidelity, Magellan logged a return of 33.1 per cent for the year. This compared with average performance for S&P 500 index funds of 28.08 per cent, as measured by Lipper Analytical of New York

This meant that index funds performed almost twice as well as the average equity fund, which returned 14.62 per cent for the year, year when passive index according to Lipper. Smallcap funds dropped slightly formed actively managed for the year, as did funds

lost £6.2m (\$10.4m) trading

Intures contracts on German

exceeded his authorised lim-

its by 10 times, eventually

dozen traders who had a con-

tractual relationship with

Attention will turn in the

first instance to market rela-

tionships in Europe. Griffin's

According to people famil-

government bonds.

while emerging markets funds, as might be expected, suffered serious falls.

The Vanguard Group of Pennsylvania appears to have had comfortably the highest sales of any mutual fund company, for the third year running, almost entirely due to its specialisation in index funds.

Vanguard said that net sales of its index funds had increased about 50 per cent from 1997, when the company had net new investments of almost \$8bn in its

than 86 per cent of all US equity funds.

Vanguard's S&P 500 fund also seems likely to overtake Magellan this year, thanks to its continuing large cash flows. It currently has about \$74bn under management, while Magellan had \$76.2bn at the beginning of November, a figure which will since have increased.

Magellan finished in the bottom 10 per cent of all US equity mutual funds in 1996 after Jeffrey Vinik, its portfolio manager at the time. flagship S&P 500 fund. It decided to put 15 per cent of Cisco Systems and Merck.

of accounts applied only to

keeping their money sepa-

rate from the firm's. Traders'

money was kept in an omni-

bus account. "They could

have opted for separate

accounts if they'd wanted

cassful bet on an end to the bull market, …

Magellan, now under the management of Robert Stansky, was closed to new investors in August 1997, and has moved to a position where it has little cash, and is heavily invested in large-capitalisation "growth" stocks, particularly from the technology

At the end of October, 96.2 per cent of the portfolio was in equities, while the larges five holdings were General Electric, Microsoft, Intel.

ruptcy petition include Guns

and Ammo magazine and

member at both the CBOT

and the CME. A family based

outfit, it described itself as a

"full-service" brokerage firm. In 1996, it formed an

asset management arm and

said it aimed to have \$50m in

Griffin applied to case

acting as a clearing firm

with both Chicago

exchanges just before Christ-

mas. The CBOT, which Grif-

fin nominates as its self-reg-

ulating organisation, took

"summary action" to restrict

the operations of Griffin and

its registered members.

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Additional reporting by

Vincent Boland

funds under management.

Griffin was a clearing

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Gan sells stakes in Morocco units

Gan, the French insurance company controlled by the mutually owned insurer Groupama since its privatisation in July, has sold its stakes in two Moroccan subsidiaries for about FFr2bn (\$357m).

The sales, part of a wider restructuring linked to Gan's privatisation, complete a disposal programme imposed by the European Commis-

Competition regulators at the Commission - the European Union's Brussels-based executive arm - had ordered Gan to sell half its international assets, in exchange for clearing a PFr20hn state subsidy to cover property-

have known that segregation sion in September, Griffin's Earlier this year, Gan sold its subsidiaries UIS and UIC to consortia led by GE Capi-\$3m, about \$2m of which was surplus to formal requiretal, the financial services arm of the US conglomerate. hapter 7 bankruptcy It has also sold Gan Life, its involves the appoint-ment of a trustee to run UK subsidiary, to the UK's Life Assurance Holding Corthe business while its finanporation, for £316m (\$528m). cial affairs are sorted out. Gan said the disposals of Creditors listed on the bank-El Wataniya and Alliance

Africaine fulfilled the EUimposed conditions. A spokeswoman also said Gan had "seized an opportunity [by] selling in very favoursble market conditions", but did not reveal the extent of

the realised capital gains. El Wataniya, Morocco's largest insurer with FFr663m in turnover last year and a 13 per cent market share, was set up in 1974 as a joint venture with local partners. following the adoption by Morocco of laws restricting the activities of foreign

Gen increased its 50 per cent stake to 67 per cent in 1990, when the 1974 law was abrogated as part of the liberalisation of the Moroccan market

companies.

Gan also sold its 85 per ent holding in Alliance Africaine, which had turnover of FFr162m last year.

NASDAQ 100

Technology stocks lead index's 85% advance

The Nasdaq 100 index, which covers 100 of the largest non-financial companies traded on the Nasdaq stock exchange, gained 85.3 per cent last year, a performance which underlined the extraordinary success of large technology groups. Most of the largest technology companies, Including Microsoft, Cisco Systems, Dell Computer, and Sun Microsystems, all of which more than doubled for the year, are included in the index.

The strength of the Nasdaq 100, which registered more than double the 40.2 per cent gain for the Nasdaq Composite, which tracks the entire Nasdaq market, emphasised that last year's stock market gains had been led by the largest and best established computer companies, all of which profited from the increasing entitusiasm for the internet, and the belief that purchases of personal computers were about to show another strong increase.

Small internet companies which launched initial public offerings during the year are not included in the Nasdag 100. Amazon.com, the internet retailer which rallied strongly at the end of the year, has been added to the index for this year, but did not contribute to last year's strong performance, John Authers, New York

Postabank replaces auditors

Hungary's Postabank has replaced auditor Deloitte & Touche, selecting the Hungarian arm of Ernst & Young an its official auditor for 1999. The move came after a marathon Postabank extraordinary meeting on Tussday, during which two small shareholders called for management to start legal proceedings against Deloitte over its alleged role in the bank's collapse. Shareholders lost almost their entire investments in the bank last week when the state, as majority shareholder, voted to reduce the bank's capital prior to a ball-out package involving a new share issue and a Pt152bn (\$706m) capital injection.

The meeting turned down the request, saying it was not on the agenda, but Postabank officials said management, would examine the evidence. The government has already announced it would begin inquiries as to who was responalbie for the losses at Postabank, which this year are,

expected to be some Ft158bn. in the original 1997 annual report audited by Deloitte, Postabank had unconsolidated losses of Fri2bn, Sbx months later, a partial audit by KPMG demanded by the banking regulator found losses of more than Fri00bn. A subsequent Deloitte audit for the first seven months of last

veer put losses at Pt94bn. At Tuesday's meeting Deloitte accepted a revision to the 1997 accounts which increased Postabanics losses from Pri2bn to Pr30bn. Deloitte said the additional Pri8bn. resulted from a guarantee provided by Postabank which required provisions, and which the former bank manage-

ment did not reveal at the time of the original audit. Deloitte said it was not now convinced that all significant financial information had been made available for the original audit, and therefore issued a disolalmer of opinion on its 1997 sudit report. At the annual general meeting last April, however, Deloitte said the unconsolidated report was: without qualification. Kester Eddy, Budepest

Griffin collapse throws spotlight on regulation

Fallout from the failure of the Chicago-based concern is spreading, report Nikki Tait and Clay Harris

risk after being frozen. shaken European derivatives markets and canned the collapse of a Chicago-based and GLH were closed on financial futures firm are Wednesday by the Securities likely to focus on regulation & Futures Authority, a UK regulator, after Mr Park, and compliance on both sides of the Atlantic. who cleared through Griffin,

The affair raises particular questions about Eurex, successor to Germany's Deutsche Terminbörse and Europe's largest derivatives market, on which John Park. a London-based independent trader, made the trades which pulled down Griffin Trading Company and a UKbased concern, GLH (Deriva-

Eurex is engaged in fierce competition with the London International Financial Exchange (Liffe) for supremacy in Europe. Its strategic alliance with the Chicago Board of Trade was recently placed on hold until 2000. The fate of Griffin, which

ruptcy in Chicago late on Wednesday, also focuses attention on relations between market partici-

These include MeesPier-

for Griffin's London branch.

Figures in pare

London branch cleared its Eurex business through

MeesPierson Frankfurt, not ICS MeesPierson in London. MeesPierson, part of the Belfiled for Chapter 7 bankgian-Dutch financial services group Fortis, said the relationship was being dealt with by staff in Germany

and the Netherlands. MeesPierson is understood son, the bank which cleared to be upset with Eurex two to three weeks. The regbecause of exchange proce-

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nvestigations into a trad- as well as 100 independent dures which require clearing ing scandal that has traders whose funds are at members to stand behind certain trades without being Griffin's London branch

able to review them. There also appears to have been ambiguity in the arrangements between Mees-Pierson and Griffin, Mees-Pierson is believed to have been surprised to learn that it was responsible for Grif-

Attention will iar with his trading, he turn in the first having an open interest in Instance to market ting defeat in a market that relationships was moving against him. Mr Park was one of several

> fin's customers' positions as well as the firm's propri-

etary trading. So other independent traders with no connection to Mr Park apart from also clearing through Griffin, were caught up in the querrel and had their accounts frozen. MeesPierson said it would not comment on questions related to individual clients. The SFA has told the traders they may get 40-60 per cent of their money back in

ulator said traders should

tt." the SFA said. The position of Griffin's customers and counterparties is thought to be better in the US, where customer accounts were transferred to Kottke Associ-

ates, an unrelated firm. When the accounts were transferred, the Chicago Mercantile Exchange said here had been no customer

Ty Fahner, a former Illinois attorney-general who is representing Griffin for the Mayer Brown & Platt law firm, also said then: "There were no customer losses among people doing business in the US and with US companies." Commenting on Wednesday about the bankruptcy filing, Mr Fahner said Griffin had been "out of compliance with various regulatory agencies" both in the US and Europe.

According to the latest official information, posted by the US Commodities & Futures Trading Commis-

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NOTICE OF MEETING

Notice is hereby given that the Annual General Meeting of Shareholders will be held at the registered office of the Company on 11 January 1999 at 10.30 a.m. with the following

 Approval of the report of the Board of Directors and of the report of the Auditor.

Approval of the annual accounts as at 30 September 1998

and allocation of the results. Discharge to the Directors.

Ratification of the co-option of a Director.

5. Re-election of the Directors and of the Authorized independent Auditor for a new term of one year.
Miscallanuous.

The shareholders are advised that no quorum is required for the items of the agenda and that the decisions will be taken at the simple majority of the shares present or represented at the Meeting. Each share is entitled to one vote. A shareholder may act at any Meeting by proxy.

By order of the Board of Directors



FAX MACHINES

COMPANIES II MARKETS

BUILDING HOMES OF INDIVIDUALITY FROM SCOTLAND TO THE SOUTH COAST

Weekend January 2/January 3 1999

MERGED OIL GROUP SAYS REDUNDANCIES WILL HIT US WORKFORCE HARDEST

BP Amoco job cuts to be higher than planned by Bell

Job cuts at the newly merged BP Amoco will be much higher than the 6,000 previously indicated - and most are likely to be in the US.

The company, created by British Petroleum's takeover of Amoco of the US, would not give a figure for the redundancies. But it said the worsening operating environment since August, when the link was announced, required heavier cuts than had been planned.

The overlap between the two groups is most pronounced in the US, although the UK will also be hit by job cuts. The first round of redundancies in the joint workforce of about 100,000 is expected next week. The extent of the enlarged programme is due to be known by the end of the first quarter.

Trading in BP Amoco shares in London and BP Amoco American Depositary Receipts on the New York, Pacific, Chicago and Toronto stock that recently announced a exchanges begins on Monday, sweeping restructuring of its following completion of the global operations.

By John Larida in Secui

bank to foreigners.

A US investment consortium

has been chosen over HSBC

Holdings, the British banking

group, to buy troubled Rorea

First Bank in the first sale of a

South Korean commercial

A consortium led by New-

bridge Capital will take 51 per

cent of the debt-heavy bank

under the terms of a memoran-

dum of understanding signed

on Thursday with the South

Sale of the nationalised bank

would be completed by May 31

following due diligence, said

the Financial Supervisory

Commission, a state reform

body. The purchase price for

The auction caps a year of

largely successful reforms, to favoured companies which

caused last year's debt crisis

Companies in this issue

Forth

GLH (Derivatives

the shares was not disclosed.

Amoco will be Britain's big-

The weakness in oil and commodity chemical prices will add urgency to the shake-up of the group by Sir John Browne, chief executive. The eventual aim is to cut costs by 30 per cent. Many analysts believe Sir John, who is expected to announce performance targets for the group in June or July, is determined to exceed the formal target of

swamped by similar ambitious sell-offs planned by Exxon and Mobil - should their merger

\$2bn in pre-tax annual cost savings by the end of 2000. But events in the global ofl industry could affect the pace of restructuring. Disposals and possible asset swaps will play a big part in reshaping the company, but the asset market

receive regulatory approval in the US - and Royal Dutch/ Shell, the Anglo-Dutch group

to buy Korea First Bank

awaited upgrade of the coun-

try's sovereign credit rating to

investment grade. Moreover, it

will boost efforts by healthy

banks to find foreign partners,

and inject competition into the

been niche players here, but

now for the first time local

banks will have to go head-to-

head with them," said Brian

Hunsaker, a banking analyst

at Dreedner Kleinwort Benson.

nerships with six other groups

including GE Capital, a unit of

General Electric, won agree-

ment that the government

would assume all bad loans

surfacing in the first year.

Seoul will take a smaller per-

out minority shareholders. It

will delegate its voting rights

centage in the second year.

Newbridge, which has part-

"To date foreign banks have

moribund financial sector.

done any asset deals before the merger's completion and would do so only after "careful" planning, "We will not rush into anything that would

> bolder value," it said. This week will be the first time that senior executives will be able to share sensitive information about key contracts. Although due diligence as part of the merger process saled details about Amoco's operations. BP has until now been denied access to Amoco's most commercially confiden-

be at the expense of share-

Though BP executives will he the dominant force in the company, two senior Amoco executives will next week take board-level posts at company headquarters in London. Larry Fuller, the former Amoco chairman and chief executive, will be co-chairman of the new group, while Bill Lowrie, Amoco's president, becomes deputy chief executive in charge of refining, mar-

acquire KFB, but was passed

over after demanding a higher

Newbridge agreed not to sell

its stake for two years without

government permission. It has

the option of taking another 11

per cent after three years at

Lee Hun Jai, head of the

supervisory commission, said:

"The sale sets the stage for the

development of the local finan-

cial industry by importing

The government injected

Won1,500bn (\$1,24bn) last win-

ter into KFB for a 93.8 per cent

stake after had loans to hank-

rupt conglomerates, including

Hanbo Steel and Kia Group

wiped out most of its capital.

supervisory commission said

sold to a foreign

advanced financial practices."

the purchase price plus 10 per

cent interest per annum.

stake than Newbridge.

US consortium wins race

table is likely to be acceler-

on fears that it would take too long to gain regulatory approval Instead, the deal is being structured as an allstock pooling transaction between Bell Atlantic and Air-Touch, GTE's formal approval is required for it to go through. News of the latest merger is likely to add to competition worries in Washington over a series of mega-deals in the tele-

Atlantic dropped almost 8 per

near to takeover

by William Lowis, Richard Walers

Bell Atlantic, the largest local phone company in the US, is near to announcing the takeover of AirTouch, the nation's second largest cellular phone company, according to people close to the negotiations.

The deal will create the third and largest national wireless network in the US and put Bell. Atlantic ahead in the race among local carriers to build a coast-to-coast presence

It would also give the New York-based company a spring-board into international mar-

have made it more dependent than other large US carriers on

news of the takeover talks leaked on Thursday, one person close to the negotiations said yesterday that "the time-

the midst of a \$52.9bn acquisition of GTE, another US local carrier. While this deal has yet to close, people close to the Bell Atlantic-AirTouch talks said consideration had been given to announcing a threeway deel involving GTE.

AirTouch **Atlantic**

and John Authers in New York

AirTouch, which was created in 1993 as a spin-off from Pacific Telesis, the former Californian "Baby Bell" company, has 14m subscribers in the US. and a market capitalisation of

ments in Asia and Europe

The boards of both companies had been planning to meet on Tuesday to vote on the proposed deal, but after

Bell Atlantic is already in

However, this was rejected come industry.

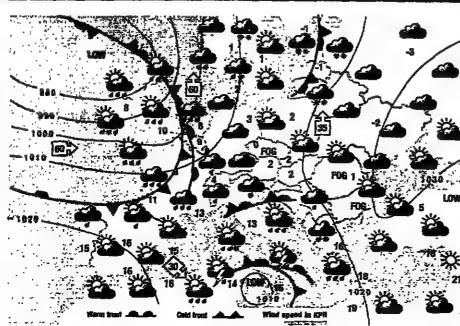
PA WeatherCentre

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Europe today

Much of the east will be dry but loudy. The south-east will have eastwards, some of it heavy. Rain showers over the northern iberian editerranean will turn thundery, but the east should be dry, sunny

across the Iberian peninsula.



Shower Cloudy Fear Shower Feir Fair

THE LEX COLUMN

Bearly believable

or two years, Lex has been bear-ish about equities, especially in the US. After another year of close to 30 per cent total returns, readers might expect the column to put its hand up and confess the error of its ways.

But Lex is in no mood to capitulate. Indeed, the higher markets rise, the more overvalued they seem. In an analysis published on October 19, the column argued that the fair 1998 price/earnings ratios for the US and the euro-zone are 17. That for the UK is 15. Given the sharp rebound in equities since the late summer, such figures imply US shares are 50 per cent overvalued. The UK and Europe are not far behind - at about 35 per

territory. How did they get there? There are two answers: liquidity and irrational exuberance. Broad money is growing at more than 10 per cent in the US. But instead of spilling over into consumer price inflation, it is fuelling asset price inflation. Investors are pouring cash into mutual funds. Equities are the thing to be in - more than a fashion, almost an article of faith. And this is where the irrationality comes in. Investors continue to expect annual returns in the mid-teens for the indefinite future: yet the only way current valuations could be sustainable is if investors were happy with mid-single digit returns.

eanwhile, analysts are offi-Cially forecasting 17 per cent earnings growth for the US next year, about 15 per cent for the biggest euro-zone markets and 11 per ent for the UK, according to IBES, the research group. That all looks too optimistic given that these economies will be growing sluggishly in 1999, although they will probably avoid shrinkage.

Indeed, nobody really takes these "bottom-up" estimates seriously. With defiationary forces spreading through the global economy, earnings will be lucky to increase at all in the US and UK - though the somewhat faster growing euro-zone should manage single digit earnings mowile Of course, predicting when a bub-

ble will pop is tricky. Provided liquidity and exuberance continue, it could conceivably inflate even more. This is getting harder, however, because while US investors are responsible for the exuberance the

bubble on Wall Street are being financed with borrowed money. The US savings ratio is now negative while the current account deficit is widening. The cumulative effect of years of borrowing from abroad is that the US has shifted from being a creditor to having net external liabiltties of nearly 20 per cent of gross domestic product. As a result, it is now running a deficit not just on trade but also on investment income. A reversal will eventually

So far this triple imbalance - an inflated stock market, negative savings and a yawning deficit - has been mainly sustained by liquidity flows from Japan. Effectively apanese savers have been financing US consumers' overconsumption. allowing them to borrow and invest

occur: it is a question of when and

One reason the bubble might just lest through 1999 is that there is little to keep Japanese savers at home. As the country's long-drawn out agony continues, the authorities may be pushed into inflating their way out of trouble.

Certainly, recent weeks - with bond yields jumping from less than 1 per cent to 2 per cent - suggest there is a limit to how much borrowing the government's balance sheet can take. Balling out its banks and reflating its economy are not costfree options. If the government does resort to printing money, the yen cottld collanse.

The snag is that the dollar will not necessarily be the beneficiary of a flight from the yen. One feature of next year is that Japanese savers will have another big currency competing for their attention - the euro. The euro-zone's politicians and cenboom in the real economy and the currency to rise next year, as this

would dampen growth. But that may happen by default given the structural weaknesses of both the yen and the dollar.

With a big current account surplus and relatively strong growth proseuro-zone to take the baton from the US as the world's importer of last resort. And though the European Central Bank may try to mitigate an ting interest rates from the current level of 3 per cent, the scope to do so

So the best guess for currencies next year is a strong euro, a weak dollar and an even weaker yen. Sterling, as often, will probably get torn two ways - weakening against the euro and strengthening against the suffer from the same imbalances as the US: but it is not growing as fast as the euro-zone and interest rates. now 6% per cent, are likely to fall further and faster.

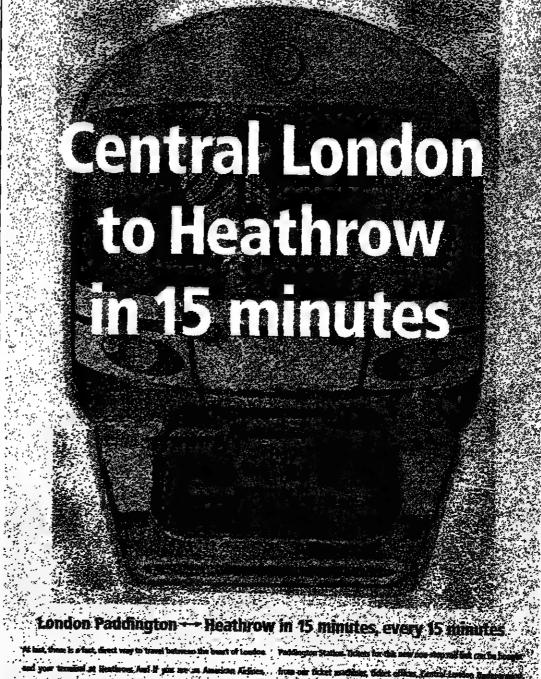
If the euro does strengthen substantially, even the euro-zone will struggle to show much earnings growth. True, funds flowing into the region might shield equities from the worst of any fall-out on Wall Street_ But, given the overvaluation; shares look a risky bet pretty much

Should investors favour bonds instead? Certainly not Japan's given its funding difficulties. As for other countries, the best of the bond rally is probably over. Deflationary tendencies in the global economy may limit the downside risk. But any further rise in euro-zone bonds (10-year yields are below 4 per cent) could only be justified on the dublous belief that inflation is not just dormant but dead.

🔁 ilts, which have enjoyed an excellent year, also offer little scope for capital appreciation. Yields at 4.4 per cent already assume good news on inflation and a high chance that Britain will sign up to

Any further convergence to eurozone levels should wait for a much clearer signal from Tony Blair that he is willing to take the plunge.

US Treasuries, with 10-year yields at 4.7 per cent, arguably still offer value on fundamentals. But, as with all US assets, this must be tempered by concerns over the dollar. All in all, the best bet for 1999 is probably to shift assets into cash and pop it cash is somebody sise's. Both the tral bankers may not want their new into a brand-new euro savings



Famous for 15 minutes



24-hour millennium

'The residents of Chatham Island, east of New Zealand, will be the first people on land to see sunrise on January 1'



'My body, which for 30 years resembled the statue known as the Getty bronze, was slumping and crumpling'



*Beckett's dramatic career flutters

Page XXII



Shadow of the bomb

Christian Tyler explores the world of millennium doom-mongers and fatalists, but finds 2000 is not the only date to worry about black as the perty to end all par- less a fact of human psycho- water companies, airlines when the head of a govern- talki

evangelist subsided into her economy-class seat like an exhausted parachute billowing to "Ah'm a big ground. woman," she explained in a Deep South drawl, and mopped her brow.

She and her companion. the white preacher, prayed to Jesus to speed the aircraft on its long flight from Africa, where the pair had been ministering among the mud huts of Zimbabwe. When they had finished, the preacher leaned across and introduced himself.

Jerry McGee, former Hell's Angel and heroin addict, is eader of the Freedom Crusade Ministries of Chesaneake. Virginia. He learned of God's divine plan for him when he went to church one Sunday to please his grandmother. Now he is looking forward to the Second Com-

Every 2,000 years, he explained, there is an apocalyptic event. First it was the Flood, then Abraham's covemant with Jehovah, then the blith of Jesus Christ. Twelve months from now, he said. the millennium computer bomb will cause the world to collapse. "And Jesus will come again." Allehuia,

It was not divine providence that furned computers into engines of the apocalypse. By writing the year 2000 as the two digits "00". first to save money, later out of habit, programmers have led computers to mistake-it for the year 1900, which is as good as saying to them: You can pack up now. It's all over." Thus, in a wonderful paradox, the seculer. technocratic west has guaranteed for itself a nasty dose of millenarial anguish - perhaps worse - for the coming 12 months.

If it were not for computer programmers we would now be looking forward to the big anniversary as an opportunity for traiet reflection, or

As it is, we are condemned to suffer party perves. Awaiting this date we are in. much the same boat as, say, members of the Concerned Christians, a sect from Denver, Colorado, who were disappointed by the failure of heir leader's prediction of a catastrophic earthquake on October 10 this year and have now joined about 100 other fanatics on the Mount of Olives in Jerusalem hoping to greet the

Between Easter this year and next, the Israeli author ities are expecting a flood of religious pilgrims, and a proportionate rise in the number of delusional people suffering from "Jerusalem Syndrome

Some of them are dangerous, if only to themselves. Psychiatrists - luckily there are lots in Israel - are being alerted, and millions of shekels are being spent on security at the holy places, especially the Temple Mount.

International cult-watchers such as inform, an academic group at the London School of Economics, are expecting "some volatility" at the turn of next year. Fortunately, few sects are in thrall to the date 2000. Experts are unwilling to draw the public's attention to those that are, for fear of setting them off. But no. doubt they have alerted the

authorities. Apocalyptic expectation is essential to the Christian faith (and to Hinduism also). Literalist Bible readers take the second millennium ADseriously because they equate each 1,000 years toone day of God's creation. Like the 17th century Bishop James Ussher in Ireland, they reckon the date of the creation at about 4000BC. God rested on the seventh day, so there should be a catastrophe at the end of the sixth millennium followed by a 1,000-year golden age

Millennium proper)

before the Second Coming.

Apocalyptic fever is no

y. In the Middle Age millenarian revolutionaries would spring up at times of powerty and insecurity (which in the space age we call, appropriately, "alien-

Professor Norman Cohn, a pleneer in the field, has lescribed the inflammatory gredients as a combination of waning authority - of the monarch or the church with the emergence of a charismatic leader. In The Pursuit of the Millennium be sted Lenin's commu-

This crisis has been thrust upon the world by computer programmers

nist paradise and Hitler's Thousand-year Reich were merely decidar versions of the same fanatical

There is always something the worry about 10 hours about 10 hours 1950s it was the attent bomb. Now it is the asteroid, which one day may smash into Earth and destroy us, like the dinoter. Or it is the melting of the ice-cap to produce a second immediation. Or a polar switch in the earth'st magnetic field that would expose us to a horrific bombardment of solar particles. Or, on a more mundane level the melidown of the firm cial system feared by the speculator and philanthre-

it is the human factor, pervulnerable gevernments.

localised and minor.

Just as the cult-watchers mass suicides, govern

pist George Soros, among

Soros's warning is apposite here, because for him the behaviour of market players is as much a fact about markets as the so-called fundamentals. And

consultants, it is in any case too late to do much about machines or "embedded" chips. Systems that have not yet been made millennium-bomb-proof – from hotel lifts and traffic lights to nuclear missiles - cannot now be made ready for the day. Others believe disruption will be

But nobody really knows what to expect. This uncertainty, if magnified by plausible doomsters and a loss of faith in the authorities (à la Cohn), could make things a lot worse than the reality. Armageddon or little glitch, public confidence is now the

are unwilling to talk about have been quick to play down their own preparations for an emergency. Companies, too, have been shy of talking about their state of preparedness; they no longer use the standard term "disaster recovery plan"; speaking instead of "busi-

ness continuity. So mute have they be that stock market authorities in both New York and London have warned listed companies to come clean with investors. Worryingly, the bodies which are most ones which have spent least on testing and replacing their systems:

The level of rhetoric and alarm will continue to rise in the coming year, according to Richard Landes, director of the Center for Millennial Studies at Boston University, with the "roosters" (which is what he calls the alarmists) fighting it out with the "owls", or opti-

"Millennium bug panic warning," crowed the front page headline of a British Sunday newspaper three mechanical factor, which weeks ago. The story speks will trouble computer of panic in official circles weeks ago. The story spoke the "worst-case scenario" agencies, power companies, and millennial melidowin ment taskforce admitted that it would be sensible for people to stock up with longlife food to prevent panic

buying. Some people have not hung around waiting for advice. The San Jose Mercury News, for instance, told the story of Peter Huss. a computer systems administrator in Michigan who is stocking a cabin with food, water, medicine and gardening implements for himself. his wife and one-year-old

Those like him who think the sky will fall in - they call it the Chicken Little syndrome - are reportedly selling their houses and sses, buying guns, and moving to communities in the wilderness. Survivalists, who like living in the wild, munching berries and trapping small animals, will

have a field day. Some will refuse to fly for fear that air traffic control will malfunction, even though airlines will ground their craft rather than take such risks. Some plan to withdraw all their money, although banks and other financial institutions - at least in the west - are reportedly among the best prepared, and the US Federal

'I wake up in a cold sweat, thinking this thing is much bigger than we think'

Reserve is ready to issue \$50bn in cash to meet the demand. Meanwhile, internet gossips are urging each other to buy gold and other precious metals.

It is difficult to know how worried to be. "Probably one out of five days I wake up in a cold sweat, thinking this thing is much bigger than we think," said John Hamre, bered that? And what will US deputy defence secretary, happen if they didn't?

NEXT WEEK

Lunch with the FI

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In FT Weekend

conference in October. "And the other four days I think maybe we really are on top

Referring to alarmist pre-

dictions of electronic confusion inside nuclear weapons or in early-warning systems. he said his own hunch was that there would be "inconvenience but no crisis". But a report for the British American Security Informstion Council called on nuclear states - the US and Russia especially - to arrange a threat truce, come off the alert and disengage

their systems for the dura-

Armageddon (if that is

what it is to be) is arriving in stages. Some swipe machines have already refused to recognise credit cards with an 00 expiry date; some process plants have shut down prematurely; some companies have suffered operating failures. This year, around August 21-22 yachtsmen, ships' captains and aircraft pilots may find their GPS navigation receivers have clocked off because their chips' timers will reach the end of their programmed life. Some equipment, including life support machines, is said to be vulnerable on Sep tember 9 because the internal clock runs out on 9/9/99. For many companies, and

governments, fiscal 2000 will

begin soon. The chief econo-

mist of Deutsche Bank Secu-

rities in New York, Ed Yar-

deni, has warned that Year 2000 computer failures could trigger off a global recession. And it won't all be over one year from today. Some of the blame belongs to Pope Gregory XIII, who in 1582 had the calendar changed to square the man-made year with the solar year. Apart from losing 10 days altogether, his team modified the leap year rule, dropping one at every change of century except for one divisible by 400 years. So 2000 is a leap year after all. How many



infallibly to world acclaim with a series of deliberate duds'

Not only could there be

trouble at the end of Febru-

ary next year, but also on

December 31, the 366th day

of the year, not to mantion

October 10 2000, which will

be the first date with eight

digits in it: 10/10/2000. For

some reason or other, March

1, 2101 is another milestone.

and some program lan-

guages are end-timed up to

There is no point com-

plaining that the change of

miliennium is being cele-

brated on the wrong date,

even though the last turn-of-

century festivities were held

at the end of 1900, not 1899,

as the popular science writer

the year 2038 ...

Stephen Jay Gould has

noted. Nor can you escape

by converting to Judaism or

Islam, for whose disciples

next year will be respec-

For this anniversary crisis

has been thrust upon the

world by the very apostles of

secular progress themselves,

the computer programmers.

Artificially, they have lim-

ited our choices. Pessimists

may sharpen their pencils

and make a will. Optimists

may stock up on cans, cash

and candles. But one thing is

certain; a lot of people,

secretly, will be praying for

a quick, quiet transit into

tively 5760 and 1420.

Contents and columnists

Ethics Today

Woodstock's offspring These children of the baby beginners are a revolution in waiting, ready to recharge the anti-establishment movement

attention it was as simple

Thus did I serve the cause of justice, truth and the

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Food & Drink XV Lunck with the Fi

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XX II-RV XV, XV XIII XVI-XVIII XXC XXI

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Page III" ment when I was led into

very nearly

empanelled. But it was not

Dery, but that he faced sev. eral more trials of a similar nature and was, in any case, as umbalanced as a fruit cake - the sort of misfit The is the way with The rest would return to the juror, who had earlier who in former times would

ing bowed out of house-building and with no previous experience of inn-keeping. Rick and Anna Abrehart bought the Plough Inn, a cosy pub in the hamlet of Coldharbour, near Dorking, Surrey. Interviewed for this column at the time, the couple revealed their early teething problems - including Anna's loss of a stone in weight during the first frantic fortnight and hopes for the future.

Now it seems the hard work has paid off. The pub has featured in the Good Beer Guide, Good Pub Guide and Which? Guide to Country Pubs since the Abreharts

took over. In 1996, Rick, a real ale devotee, started his own in-house brewery. And in Real Ale presented the Abre-harts with the Surrey Pub of the Year award

But beneath the idyllic rural setting - the Plough sits at the foot of Leith Hill, one of the highest in southeast England - the pub business has proved increasingly tough and the financial pressures heavy. Having sold their Surrey home for £200.000, the Abreharts bought the Plough for £415,000, with a 20-year £240,000 mortgage from the finance arm of Allied Irish Bank priced at 4 percentage points over finance houses'

"At one point, when we were paying 19.5 per cent, it was horrendous," says Anna. 'We were very green when we bought the pub. We should have known better." After much negotiation, the interest rate on the mortgage has since been reduced to 3.25 percentage points over base rate. They now make payments of £3,500 a month in summer and £2,500 in the quieter winter months; they hope to have paid off the mortgage by 2006. An average week's takings are £5,000, compared with \$2,700 a decade ago.

Considering the punishing hours - although they no longer get up at 7am, they the returns are modest, in their first year, the Abreharts lost £21,500 after wen a no 000.022 gribneqs kitchen deemed essential by the environmental health inspectors, and £5,000 on further improvements. In 1996, profits reached £43,500. before slowing last year to about £33,000. As well as supporting the Abreharts. both 54, the pub has to provide a living for their 32year-old son, David, who is its full-time chef.

The Abreharts say they tide" of increased home entertainment and commerpopulation of rural drinkers though he took a three-day and sharply higher over- course at Sunderland Uniheads. The introduction of versity - he spends two long the non-domestic rate, which days a week brewing. His costs them about £5,000 a own Crooked Furrow and year, has been the single biggest increase.

Their response has been to emphasise what makes the point of view, brewing 54 Plough different from its competitors. Apart from its location in an area of out- but Rick regards it as a standing natural beauty, longer term marketing stratwhich makes it popular with egy to attract drinkers. "If I walkers, the Plough has refused to go the way of like to invest in a 2.5 barrel many pubs that sell only keg micro-brewing plant. Instead beers (which have a longer of taking 12 hours to brew, shelf-life than real ales).

book published by the Cam- orities, I can't justify it." paign for Real Ale, and adapting cold water tanks sive beer selection, and in and plastic barrels, Rick contrast to what Anna calls



Anna, son David, the chef, and Richard Abrehert, the brewer: 'swimming against the tide' of home entertainment

Minding Your Own Business

Real beer brews up better hope of profit

Justin Marozzi visits an award-winning pub but finds that inn-keeping is still a struggle against other attractions

Tallywhacker are among the nine real ales on sale.

From a purely commercial gallons a week might not be worth the time it demands. had £20,000 to spare, I would the beer would take seven or Following instructions in a eight. But with the other pri-

To complement the exten-

developed a blackboard menu of home-cooked food bers.xoom.com/ThePlough. that changes daily and ranges from the classic steak and there have been initial and real ale pie to crispy difficulties with the search almond and herb stuffing will increase the pub's proand orange sauce. Shopping the weekly work, but mest

local suppliers. Home-made puddings such as coffee, date and wal- least it looks good and crenut pudding and banofee pie - are a particular favourite. To counter the trends towards healthy enting, the gest question the Abreharts two fought back by offering

a choice of 11 puddings. Plough is turning to the first floor that would give internet. Several weeks ago.

started the Leith Hill Brew- the "plasticky nursing home with the help of his partner let. They have outline plancial pub chains, a shrinking ery. Essentially self-taught - food" once offered at the who worked on it free of ning permission to convert Plough, she and David have charge. David launched a the barn next to the pub into web site at http://mem-Traffic has been light so far With 50 per cent occu-

> file, and he is working on expeditions are all part of building links from tourist boards' web sites and publi-Country Pubs. "At the very ates a go-ahead image."

With the prospect of retirmust now face is whether to go ahead with a £100,000-More innovatively, the £150,000 refurbishment of the them five or six bedrooms to

staff accommodation - is for

pancy, Richard estimates letting income could increase Barbary duck breast with engines. But David hopes it turnover by as much as 40 per cent. "We're very handy for Gatwick airport and we get lots of inquiries for bed and breakfast. Tourist and fish are delivered from cations such as the online boards and companies are version of Which? Guide to always calling us up for rooms and we're turning them away, which is crimi-

> "But until I'm in a much ing in seven years, the big- healthier financial state, I can't do it. I hope it will be possible in the next two years."

The Plough inn. Coldharbour, Surrey RH5 6HD; tel 01306-711793.

BRIDGE

trick

The Nature of Things

The hand bone connected to ...

the motor cortex. Andrew Derrington reports on research into vital movements

played with one fairground machines where you try to pick up a prize with a mechanical arm and claw

and drop it down a chute? I have, many times, without success. The manipulator is just too complicated for me to

In fact, that's not quite

true. My hand is far more complicated. Twenty-nine separate muscles control its the fingers all together to wield a hammer, or singly against the thumb to position a nail with nillimetre-perfect precision. Nothing in the world of engineering can match the range, flexibility and precision of human hand

New experimental echniques are giving cientists the first detailed picture of the command ystem that controls the and. It is in a part of the brain called the motor cortex, most of which is on the lateral surface of the brain just under the skull

The picture of how it vorks is being pieced ogether from fragments revealed by stimulating and recording brain and muscle activity in stroke patients. in healthy people and in hesus monkeys whose hand control system is similar to ours.

As well as providing search data, stroke patients provide an mportant motivation for this branch of research. There are over 100,000 new cases of stroke every year Lemon of the Institute of Neurology in London, one of the world's leading esearchers on the control

of hand movements. "Hand movements are often affected - usually permanently - by a stroke. Life without skilled hand

One of the hallmarks of the hand control area in the cortex is that it connects directly to the neurones in the spinal cord that activate muscles. Transcranial magnetic stimulation (TMS), which activates the cortex by applying a

magnetic pulse to the scalp, activates hand muscles after a very short interval too short a time for the signal to have been switched through intermediate control centres. Such direct connections are only found in man and in apes and monkeys that have

individual finger

In stroke patients, damage to this direct line from cortex to hand muscles, which can be revealed by TMS, leads to a loss of manual dexterity. Cortical control of other parts of the body, such as the shoulder, is not so vulnerable.

By a combination of brain imaging and recording from muscles and motor cortex. through electrical or magnetic sensors on the body surface, scientists can tell which areas of the brain control hand movements. and when they are active. But understanding how it works is like the problem a Martian would face trying to understand the game of football by listening to a match being played from outside the stadium. TMS provides extra information: it allows the Martian occasionally to throw a

firework on to the pitch and

see if it results in a score.

A good way to get a

better picture is to record from single neurones in the motor cortex of the monkey while it performs skilled hand movements to control a sort of video game. This gives our Martian a detailed record of the actions of some of the players, which can be pieced together with records of muscle activity and movements of the controls. In early experiments, neurones

at a time. Recently it has become possible to control multiple electrodes and record up to 16 cortical output neurones at once.

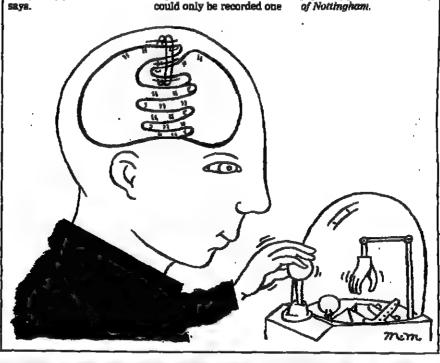
During the course of a movement, the cortical neurones form teams that work together or against each other. As the requirements of the movement change, the teams break up and reform. Some of the team changes are obvious - the lingers must work together to grasp a hammer or a tree branch and individually to pick up a peanut. The neurones linked directly to the finger muscles need to form new teams in order to change grip.

Often the team changes are more subtle. Some teams have a more strategic role. They seem to be involved in planning. learning and rehearsing new movements by working out the sequence and force of muscle contractions required. In Lemon's lab, a computer-controlled robot can introduce gradual changes in the operation of the monkey's video-game controls to see how the neurones change their activity as the monkey adapts to the new task

The problem faced by the monkey is similar to the one we face when we change cars - the steering-wheel and the zearstick require slightly different movements to get the same result. Just like the monkey, we solve this problem effortlessly, by modifying the comman we send to the muscles in information arriving in the cortex about the effect of previous commands.

It will be decades before we understand the brain's strategies well enough to give disabled stroke patients similar flexibility. But at least we can now watch the game the brain is playing and start to work it

■ The author is projessor of psychology at the University



two celebrated scoresheet

down his intended move,

cover it up, then check the

But Bobby Fischer, in the

1970 USSR v World match,

complained that Petrosian's

demanded that the move be

Nowadays, many top GMs

yet the referee, fearing a

Fischer walk-out, ruled

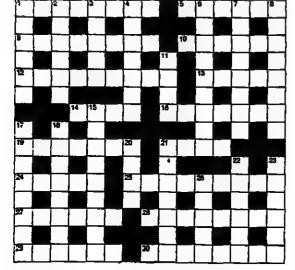
rules now forbid the arbiter

board for blunders.

CROSSWORD .

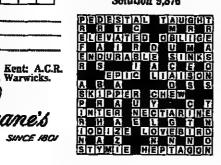
No. 9,877 Set by DINMUTZ The prize of a matching set of finely engraved personalised notepaper, envelopes and correspondence cards on Ecru Kid Finish Paper from Crane & Co will be awarded for the first three correct solutions opened. Solutions by Wednesday January 13, marked Crossword 9.877 on the envelope, to the Financial Times. Number One Southwark Bridge, London SE1 9HL. Solution on Saturday January 16.

zrane's



WINNERS 9.869: Mrs B.M. Ashton, Sevenoaks, Kent: A.C.R. Bull, Canterbury, Kent: D. Fairburn, Kentlworth, Warwicks.

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CHRISTMAS CROSSWORD: We are sorry that three clues for the Christ-Critical mass Cricossworth: the are sorry mat three clies for the Critishmas Eve prize puzzle were obscured. They were 5 down Deer cooked or otherwise for a saint (Bede?) with one child (5,7). 7 down Earths to use with variable reastance (8). 33 down Born free, for example, with space for the marrying man (10). Correct entries omitting these answers will be included in Wednesday's crow. Solution and winners next Saturday,

ACROSS

1 Perfect examples of cooked ple-crust (8)
5 Battered wives left in spin (6)
6 Collaboration and the collaboration of land (1)
6 Collabo 9 Celebrity autograph of Leo, for example (4.4) 10 Having corporation right inside college (6) 12 Kind of roll, A.E. etc? (9) 3 Throw off balance in rid-3 Throw off balance in riding-class (5)
4 Call to begin fencing English garden, possibly (2.5)
6 Mysteries of stormy southwind (9)
7 Energy of six, initially taking on Italy trip (8)
8 Small sets ready for deliveries (8)
11 Rounded mass of worldwithout-end (4)
15 Interviews with monarch, perhaps, in houses (9)
17 Low-quality coach, not seen by 15? (9)
18 Act of composing (8)
10 Ill-considered outbreak (4)
21 Esparto growing wild in Barcelona perhaps (7)
22 Girl out of breath (6)
23 Supporting bottom? (6)
26 Having come un from 12 Kind of roll, A-E etc? (9)
13 A place to rest in France, in the dark (5)
14 Hollow warning of schoolboys (4) 16 British fibre makes one see red (7)

19 Long-off, perhaps, if sent back to tree (7)

21 Run-of-the-mill emergency call? Ring! (2-2)

24 Utter panic (5)

25 Deep freath? (3-6)

27 A firearm for each one (6)

28 Painter brought back in Magnitte's sorrowful period (8)

(8)
29 Hemingway or Sterne novel? (6)
30 Regular pattern of flag (8) Solution 9,876

Solution 9,869 PICKUD EAGLEOWE
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This deal, from a Christmas cover whatever South plays. The late world champion simultaneous pairs event featuring famous hands, stumped everyone. Clearly, one usually omnipotent dummy managed to find the solution, preferring to con-cur with the refrain:

Ŋ ♣ Q 4 3 ♥ A 10 4 4 QJ 109 ♦ 653 ♥ J8765 ♣ K62 S

"Couldn't be made, partner."

4 A K J 10 ♥ K93 ♦ QJ7 743 Supporting bottom? (6) Having come up from Paris, engaged? (5) Dealer: S North East South West

1NT NB West led 5♦ against the standard game contract, dummy ducked, East played 104, and declarer won with Q+. With eight tricks available, clubs must be attacked to provide the ninth.

However, when declarer leads a club from hand, East can win, return his remaining diamond, and West can

Whether declarer ducks in dummy or not, West can clear the suit and, when he the problem is dazzling - not regains the lead with A\$, he can cash his diamond winners to deny South his ninth

> Declarer could do better by crossing to dummy to lead a club. Now, the pressure is on East to rise with Ka, and lead his last diamond, otherwise West's entry is blown before the diamonds are established. down. East should definitely pounce with his Ka - if write down the move first. South holds A. K. is useless anyway - but will he? Rather than relying on

against Petrosian, who defensive errors, however, on this layout the declarer can ensure his contract. Winning the first trick looks defeat in the match. so obvious and natural that N/S Vul. no one noticed that it was defector, in a world title the error. If South ducks East's 104, he still has two eliminator. When Korchnoi stoppers in the suit and stopped recording his moves when East returns a diaduring a time scramble, the mond - as he surely will referee waited till they South can win and clear the reached the move 40 control. clubs any way he wishes. then asked him to update his When East gains the lead scoresheet. with Ka, he has no diamond left to lead. Unless West holds both A♣ and K♣ - only a one in four chance

Paul Mendelson indicating that the players

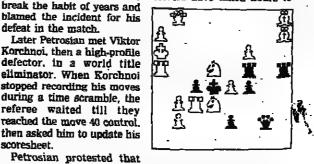
contract is safe.

have reached the time con-Tigran Petrosian, who rarely lost a game, was involved in A classic clock trap occurs

disputes. He liked to write own or his opponent's scoresheet to confirm he has not overstepped. Cases are legion where moves have been recorded twice, and a GM even lost on time by writing his name in the procedure was distracting space intended for move one and thus illegal. He The moral: if you are short of time, ensure your move made before it was written count is accurate.

when a player relies on his

White mates in two moves, against any defence (by A Ellerman). Definitely & brain-teaser; this problem won a trophy, and earlier grumbled that he had to solvers have taken hours to



Korchnoi was effectively come up with the wrong key. receiving advice as to how Crack it in under an hour many moves had been made. and you're doing well. Again he was right, and the Solution, Back Page

Leonard Barden

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PERSPECTIVES

Ethics Today

Sons and daughters of Woodstock say 'Hell,

Gerald Celente maintains that the gulf between the Millennium Generation and their 'baby boomer' parents is one of years - not ideals

pockets are filled with cash, their minds are crammed with ideas and they are not afraid to dream. Marketing men want to sell to them, and corporations want to pick their brains and exploit their talents. Politicians, on the other hand, will wish they had never been born. They are the

Millennium Generation -Born between 1980 and 1995, there are as many in the US today as there were in the Woodstock generation which rocked 70m strong, these children of the baby boomers are a revolution in waiting, ready to accept the passing of the torch which can reignite the anti-establishment movement their parents started.

Members of the Millennium

atch out - here Generation hit TV screens in "degrade" Saddam Hussein's milthey come. Their February last year. They showed itary capability: up live on the CNN network administration's threat to use force against Iraq.

In a publicity drive that went sour, the administration had sent its top three foreign policy guns to Ohio State University to win public support for its military policy. But instead of cruisthey were stopped by a barrage of new-millennium dissenters. Reminiscent of the Vietnam

war years, but without the beards and beads, this group of articulate and informed college students faced down the Clinton advisers. Though they helped shelve its policy, the president As well as being politically

before a worldwide audience to informed, M-Gen is socially protest against the Clinton active. Its efforts, as much as the effects of the Asian economic dislocation, have sapped sales of Nike footwear. Faced with an operating loss, of 35 per cent, the company lost more sales as these activists turned up the heat with claims that Nike ran sweatshops. Among their peers, the word on ing through middle America, the street quickly spread: "Man, you're a sucker. It cost Nike \$5 to make them and they got you

for \$150." Of course, not all the members of this generation are activists or revolutionaries. Only a small percentage of baby boomers pro-tested against the war in Vietforce the administration to nam or marched for civil rights . MTV ads that they don't torture and women's rights. But just as - rabbits to test their cosmetics.

leaders are among the computer clothing to luggage are right in rated them from their parents. intelligentsia, the environmentally committed, and the streetwise educated. These are the "influentials". And what they do, must follow.

The smart money has polished its nitch to take its share of the \$124bn millennium teens are estimated to have spent last year. Not all are "savvy" consumers, as the ad hype goes or their parents would like to believe. Most will still buy "the look", with the hope that if they play the part they will be in the in-crowd.

But even the influentials want the right "look". That's why fashionable companies, like cosmetics peddlers, brag on their ultimately ordered last month's the boomer generation was And hemp (the kind Bill Clinton all-out missile attack on Iraq to defined by a leading core of can inhale) is hip. Seen as envi-

really out of touch is when they try to sell their goods by pitting the M.Gen against the boomers. These critics portray the kids as hip and their parents as out of touch. What they have missed seeing are the opportunities that can be gained by emphasising the similarities of these two "blended" generations.

Take the blitz by France's Millennium Generation when right or wrong," 500,000 high school students protested on the streets against crowded and poorly equipped schools. Unlike the mayhem of 1968, when student marchers were met by club-swinging gendarmes, the protesters of 1998 were treated with respect by a sympathetic government.

ing to the Beatles and the Doors. Lawrence Welk and Perry Como. They were getting high and

Chong, their parents were drinking scotch and watching comedi-Allen. The kids were yelling "Hell no, I won't go," [to fight in Vietnami, the parents were intoning: "It's your country,

laughing if up with Cheech and

Today, it's a different story. The generation gap is one marked by years, not ideals. The parents, for the most part, feel used and abused at work. They are seen as living examples by the M-Gen of why they should avoid the corporate scene. Today's parents and children are

thinkers and doers, so too is the roumentally safe, durable and When the bodgers were in environmentalists – not the way Millennium Generation. The multi-purpose, hemp sales from revolt a psychological gast sepa- it was in the 1960s and 1970s. tions; both generations understand there are no rules to the game. And when it comes to poli-

tics, no generation gap exists. Children of all ages increasingly believe the system is corrupt and that a large number of politicians serve for personal gain and ans George Burns and Gracie - the special interests that bank- roll their campaigns. This time - and the time is

soon - when the youth of the country protest, they will not be tear-gassed by police and pummelled by construction workers. And this time, unlike the 1960s, parents will be campaigning hand in hand with their chil-

■ Geraid Celente is director of the Trends Research Institute in Rhinebeck, New York State, and author of Trends 2000 (Warner).

Lunch with the FT

The evergreen talisman of the smart set

Holly Finn meets Eleanor Lambert, 95-year-old grande dame of American fashion publicists

makes macaroni and cheese stylish. When she requests a helping at The Carlyle Hotel's midday buffet, those within earshot suddenly scowl at the carefully selected wisps of dry spinsch on their plate and consider eating heaps of grange goo instead.

Lambert - the fashion publicist who launched Bill Blass, Oscar de la Renta, Claire McCardell and Charles James - was twenty-something when The Carlyle opened in 1930. Now 95, she doesn't waste time waiting my cheek. As she approaches, she gives a brisk double-kiss to the air

"The funniest thing just happened," she chuckles as she sits. "Have you heard of relay calling?" A young friend who can't talk had just phoned her. Typing his end of the conversation, he transmitted it to an intermediary who then spoke his words for him. "Hello, dear

lady," was his greeting. in her checked pants tunic suit with a turban wrapped round her head. Belgian shoes on her feet and Verdura ear-rings at her lobes, Lambert is both dear lady and something fiercer. She has been in the public relations business for six

In 1940, she founded the International Rest Dressed List, which even now sends

announced every year.

Lambert organised the first biannual Fashion Press Week and is credited with inspiring the co-ordinated fashion shows of today. At the shows she still attends in New York, Lambert is always seated in the front row and is the only person to whom those with gravitydefying hair and soldered-on

When women complain their work is unrecognised she has a simple solution: 'Get over it'

sunglasses genuflect. They kneel to greet this woman. Every autumn and spring. it is the designers' devilish job to send forth clothes that seduce the press and public into talking them up today and sky-rocketing sales next season. The Sunday before each fashion week, Eleanor Lambert hosts a traditional luncheon at her Fifth Aveque apartment. It is worlds away from the doublekissing frenzy, and remains a coveted invitation for those covering the catwalk. Lambert is almost a cen-

eanor Lambert shivers down cashmere- tury old in an industry that coated spines when it is celebrates youth to such an extreme that models look like, and often are, breastless teenagers. But then, vintage is making a comeback. in New York William Doyle's biannual vintage couture auction, now in its 15th year, is more popular than ever. At Christie's, a Levi's denim jacket from 1910 recently

sold for \$4,025. These days you don't toss out a vintage Balenciaga. You pay homage to style that lasts. Lambert, a diminutive, no-nonsense woman in a profession she calls "one of persuasion", has persiste has become less a groundbreaking guru than a talisman of smartness - both meanings. Think elbowlength gloves, think macaroni and cheese.

Choosing buffet over à la carte, she leaves behind her slick black lacquer cans and steers her way across the restaurant unassisted. A waiter adds a few spears of asparagus to her plate, but Lambert isn't much entartained by them.

Jessie Araskog, wife of the chairman of FIT, approaches our table to say hello. She saw an article about Lambert in the Palm Beach Post. "You looked like a prom queen." she coos, before taking her leave. This is what New York society does when of Seventh Avenue at hunch. The Empress is gracious,



tion. "Oh, everybody's famous when they're old." she says later, "and if you keep on doing it, you keep getting more famous until

you're gone." In a portrait Cecil Beaton took of her as a young. an overturned rake, chin resting on crossed hands. hair slick, brows arched she's as attention-grabbing as Bacall teaching Bogart to

But though Lambert gushes about other people, at least about her clients, she is deprecating about her-

Explaining why Bill Blass, Mark Birley, Joan & David, Gabban O'Keeffe, and Save Venice Inc, among others, still rely on her for their public relations, she just

Her client roster might be considered old guard, but Lambert's no geriatric. Her social schedule is chock-full and she still attends events like the annual "Party of the

Year" given by the Costume Institute at the Metropolitan Museum of Art every December. Lambert came up with the idea for the party 50 years ago. Today she resrets that events like it have become "elitist". "Most people with style are not tarribly rich." she says, and so about them In 1978, she published a tend not to get invitations. "The people with charm and

tyle have to be taken." Born in Crawfordsville, Illinois. Lambert left - in the go-getter American way when she was 17. When asked how, without much money, she got to New York says. "I still have ideas, I to begin her career, she

pauses. By train? By bus? most fond of the 1950s. She's still thinking. "Oh, I know," she says finally. "I sloped with a young man."

ber only what is important to her, regardless of howthat appears to others, which helps explain why she has prevailed so long in the overly suggestible, insecure world of fashion. She is always the PR woman, steering the conversation. back to her clients and the ideas she has for stories

pemphlet called Quips and Quotes About Fashion, which included Dorothy Parker's. query: "Where's the man could ease the heart like a satin gown?" For Lambert. he was in New York. Her late second husband. Sevmour Kerkson, was the love of her life and when she talks about him, her professionally modest veneer melts . for a moment, Like Diana Vreeland, the legendary editor of Vogue, whom she knew. Lambert was besotted with her husband and fruitful in her work. It was possible to be both, she says, "because he was besotted

Of the fashion eras, she is

"That's when clothes were the chicest, dressiest," she says. "People really adorned themselves every day." It was also when women became more interested in business and careers, when "it became fashionable to be

It's fashionable again, but Lambert is puzzled by the response of women, and of designers, to 1990s-type freedom. When women complain that their work is unrecognised, for instance, she has a simple solution. "Get over It." Becoming "used to being second tler, being Adam's

rib" is just a bad habit. ... If she chafes at the direction of American design today it is because she sus pects a lack of individual conviction. "The whole thing is getting too homogenised. she says. "I don't know what the hell is going on."

Lambert doesn't damn the efforts of all designers. She cites Isabel Toledo, who in . autumn 1997 showed gauzy dresses with flashes of cardinal-red ribbon at the neck. as "serious and concentrated". Anna Sul, who dressed the "grunge" era in 'romantic costumes at night", is worth watching.

Still, like a matriarch does of her progeny, she expects

more of the Americans she helped to establish. Virgin Airlines impresses her more. "The one I want to meet is that Branson," says Lambert. "He's the end."

It's time for dessert, and I fill my plate with five different sweets Lambert insists on just one, cheesecake, and assures me it's "the best in

After lunch, her driver delivers us to Kleinberg Sherrill, a luxury accessories company with a boutique on Manhattan's Upper East Side, also a client. Approaching the shop, Lambert waves her cane towards a pile of big black garbage bags heaped on the pavement. "See those?" she says, "I found eight of those in my basement years ago [full of fabric), and now I'm upholstering half the house. I feel like I had a blessing from

For all her public relating. Lambert makes a simply substantive statement: fashion may happen under swish white tents in New York, Paris and Milan, but style can be found in your basement. The Empress, it turns out, has clothes.

Home Truths / Walter Ellis

but smartly deflects deifica-

A juror who lacked conviction There are democrats

are those who are willing to do jury service. My summons to judge the guilt or innocence of my fellow citizens came nearly 20 vears after I first moved to London, and took me entirely by surprise. For reasons too self-indulgent to go into, the call copies of Hello! or queued could hardly have come at a worse time. I had already managed to postpone my service for a month on the

and there are rat-

basis that I was due to attend a wedding in San Francisco; my request for a further deferral until next year met with a firm, if traipsed into Knightsbridge Crown Court, in the Borough, on a damp Monday morning. Knightsbridge? That was odd for a start. The Borough, a Dickensian corner of old London. wedged in between Blackfriars and the Elephant and

the river on a temporary basis some years before and.

short-term relocation, had never made it back. The judges and barristers must be kicking themselves.

Upstairs, in the jury assembly area, the scene resembled a provincial airport lounge. About 100 people, dressed in everything from pinstripes to shell suits, either sat around on comfy chairs reading old for tea and toast at the self-service cafeteria. I had arrived at 10 o'clock.

believing this to be the correct starting time. In fact, I should have been there an hour before to listen to the bailiff and his deputy instruct us on the etiquette and protocols surrounding Thus it was that I first our bounden duty. Had I missed much? Apparently But our journey in pursuit not. A laconic young man. who looked as if he might be a teacher or a bank clerk,

filled me in in five minutes. Our names would be called some time in the next few hours, he told me, and we would each be assigned Castle, is not best known for to a court. At this point we its access to Harrods. It would be a standing jury. turned out that the court Later, should a trial he had been moved south of agreed, 12 of us, from the 17 or so in each batch, would be selected to hear the case. to be. A fellow potential The rest would return to the juror, who had earlier

That was it, then, Half an hour later. I was assigned a

court and took my seat as part of its standing jury. Then I waited. And I waited. The bailiff, a gentle, charming man, came out from time to time to keep us informed of developments.

The accused faced several more trials and was as unbalanced as a fruit cake

of truth was indefinitely The afternoon session, starting at 2pm, turned out

was back home, vaguely dissatisfied. On the Tuesday, there was a brief flurry of excitement when I was led into court and very nearly empanelled. But it was not

departure area and await remonstrated with me for have been confined to an running in the corridor, was discharged when he appeared to inform the judge, via the clerk, that he didn't like the colour of the out into the rain. defendant's eyes. Even his withdrawal, however, was not enough to secure my

> Come the Thursday, I had just about had enough. Then, out of the blue, I found myself engaged in what local papers used to refer to as the "sequel" to an alleged robbery. I cannot go into the case. Suffice it to say that we were less than incisive in our verdict. After an impressive deliberation, during which the extreme reluctance of an English jury to convict anyone without compelling proof was

triumphantly on display, we proclaimed our defendant not guilty. At this, the judge shook to be no more eventful than his head and revealed not the morning, and by five I

only that the fellow now gazing blankly at us from the dock had a number of previous convictions for robbery, but that he faced sev- attention. It was as simple eral more trials of a similar nature and was, in any case, as unbalanced as a fruit cake - the sort of misfit who in former times would

asylum. We gallant 12 - the widow, the baker, the marketmaker and nine others blameless and true - slunk

Week two was worse than week one. My nightmare now was that, after an easy start, I would be caught up plicated case that would entrap me in the Borough for weeks on end

A fellow-traveller in the departure lounge told me darkly that her trial was entering its third week and that she had been warned it could even spill over into the new year. Another lamented the fact that this was his fifth spell of duty. But I need not have wor

ried. Having been sworn in a second time, I found myself discharged entirely by a smiling judge when he discovered that one of my fellow jurors had to catch a train by 4.30 at the latest or Friday afternoon and could not guarantee to give the case her uninterrupted as that

Thus did I serve the cause of justice truth and the British way. Henry Fonda



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حكذامن الأحل

PERSPECTIVES



The story so far. Patrick Lawric, an expert on the mankind, has hired London investigator Jane Astor to discover why he was mysteriously attacked and savagely

Lauric runs a Doomsdau web site which studies the natural and technological perils that threaten the human race.

Has Laurie, unknowingly exposed a particularly reckless example of scientific adventurism or corporate areed - something that could spell the end of mankind?

Astor, a 34-year-old postfeminist, is not a conventional private investigator. She is too rich and singular for that, And her assistantcum-lover is a 21-year-old who practises trance dancing. An odd couple, indeed launched on their strangest

re-millennial tension – fear of the new millennium seems to be in short supply, yet we were promised such a lot

I am not saying that ali 6bn of us are travelling towards January 1 2000 in a mood of untrammelled optimism. But where is the pes-simism as we approach the end of the millennium? Where are the omens. plagues, faminos, unsched uled eclipses and rivers of freezing blood? Why aren't more people flinging themselves off rooftops as we embark on the Age of Anxiety? That is what I wonder.

Some commentators claim we are starting to experience the same millennial anxieties - especially the sense that nature is going haywire - that our ancestors experienced in the run-up to 1000. But I don't think we are. In fact, as 2000 approaches. most people I know or meet seem as gay as yellow dust-

I was thinking about these things the other morning. I had woken in the balf-light and stumbled downstairs to the kitchen. I live in a terraced house near Marble Arch, in central London, I looked out at the garden. There was no plague of locusts. The Age of Anxiety had still not dawned, yet 1 was feeling dry-mouthed and prickly, possibly because I had spent 10 hours the previous day reading about Doomsday - the end of the

I made two cups of tea and carried them upstairs. Yanked open the curtains. Got into bed again. On the pillow next to mine, a mane of greasy black hair stirred and fell still again, "Paul," 1 said. "Wake up. It's 7,30. Time we got started." There was no response at all.

My name is Jane Astor, I am a self-employed, American-trained private investigator, aged 34. I have no need to work. Five years ago l inherited Sim from my father, a designer of golf courses. Most of his masterworks are located in the American sunbolt. In spite of my inheritance I still have plenty of brain cells left, so four years ago I set myself up as a private detective. Before that I was a corporate

office of Kroll Associates.

Then the fascinations

of Bonn, the sleepy

seat of Germany's

finally tire, on a sunless, wet

Rhineland Saturday afternoon.

Charlie (four). Alex (almost

furt or downriver to Düsseldorf.

Occasionally a suburban service

halted, an elegantly dressed

elderly couple, or a lost student.

would descend. And we waited

tion in Bad Godesberg.

house, "Paul," I said again, louder this time, starting to get irritated. I turned the radio on, and twiddled with the volume dial. "I've made some tea," I said. "I want to start work. I'll run the shower for you and make us some breakfast." Paul is 21, and can be moody and eccentric, but I am turning him into a good investigator. Most of the time we get on

famously.

An hour later, we were at work in my sub-basement office. The house has four floors. We were sitting at separate screens but studying the same commercial web site, fossicking through its myriad sections. The site is devoted to Armageddon, and carries millions of words of subject matter related to mankind's possible, even likely, extinction some day

People who study Doomsday are called Endists. Not all Endists believe our extinction is inevitable, but many of them regard its likelihood as highly probable. For practical purposes, "some day soon" is held to be any day in the next 500

My newest client is the owner of the Doomsday web site, a London-based scientist named Patrick Lawrie. ied a list be'd scribbled on a Three days before hiring me. pad. "These potential disas-Lawrie had been attacked on there include volcances asterthe street near his Bayswater office late at night.

His checkbone had been smashed and his right arm broken. The thugs who attacked him might have been professional musclemen. The attack had terrified Lawrie, though he said he had no idea what had provoked it. Had his web site inadvertently exposed an individual or corporation even a government - whose scientific research was in danger of triggering a cnta-

clysm that threatened mankind? That was the question. Perhaps you find the prospect of an extinction-threatening catastrophe too gaudy. too Hollywood, to contemplate. Most people do, espe-cially those who have mothered or fathered 2.2 children. Breeders have to be optimistic, or what is the point?

But I am not one of them. I am an unmarried post-feminist - no, I do not despise investigator in the Miami men; rather the contrary who believes that our spe-I have an assistant named cies' earthly reign is by no Paul Willson, who spends means guaranteed to last

ourselves up tomorrow, or be wiped out by aliens.

That, at least, is what told Paul once I had turned him out of bed and we had started to study Patrick Lawrie's web site. "There are millions of words on the site." I told

Paul, "so dipping in and out of it in the hope of finding an explanation for the attack on Patrick Lawrie may prove futile. For the moment, however, it's the best we can do. All we need to remember is that the Doomsday site is not about science fiction. Endism is a serious subject.

OK. Paul?" "OK," said Paul, "but there are some areas we can

'The Doomsday site is a responsible endeavour that is highly objective in tone'

probably ignore. For example, the web site discusses at great length the natural disasters that could cause human extinction." He studoids, comets and massive stellar or other giant explosions such as those produced when black holes have fin-

ished evaporating. "These are controversial subjects among academics. but I don't believe there could be anything on the Doomsday site concerning natural disasters that was so objectionable it had caused someone to arrange a repri-

sal uttack on Lawrie. "I agree, Paul," I said, and kissed him on the mouth. "You're more than a bit of gym fodder, Paul. You're actually quite bright. So we'll ignore natural disasters. Yet that still leaves of it is scary. Its subject, numerous categories of supposed risk to mankind's survival where the Doomsday site may, without intending to, have pointed a finger at Nothing personalised of vinsomeone or something," I lit dictive, so far as we have a cigarette, and blew a per-

fect smoke ring.
"That's right," said Paul. "so I've made a list of the main categories of risk." He studied his pad again. "They

layer; a runaway greenhouse effect; global pollution; dissite also surveys the technological developments that could threaten mankind's

CUMMINGS

existence, other then those directly related to warfare. "Some scientists are sure genetic engineering will be a threat. Perhaps some genetically engineered organism will reproduce itself with fatal speed and efficiency, smothering the planet, killing everything. Threats like that are called green-scum disasters.

There was also nanotechnology, said Paul. And there were hundreds of types of possible computer disaster that might – no one really knew - lead, one day, to the elimination of all humans. Plenty of people aiready regarded computers as our evolutionary successors, said Papi, wriggling his evebrows in an effort to amuse me, especially if - or, rather. when - computers acquired our instincts, cunning and unsleeping curiosity.

For five hours, Paul and I tracked through the Doomsday site, bunting for clues to the attack on Patrick Lawrie. At 2pm we stopped for an hour, then continued our search; but as the hours went by we had still found nothing that looked promising. At 10pm, I told him we'd

call it a day.
"In fact," I said, "I'll ask Liz Yaeger in Dallas to run a proper search programme for us, otherwise we'll sink without trace. All we've been doing is dipping in and out of the site, unsystematically. That may be why we've failed to find something that could explain the attack on Lawrie.

"However, it's equally possible there is nothing there to find. As Lawrie says, the Doomsday site is a responsible endeavour that is highly objective in tone. Parts of it are controversial, and a lot after all, is the potential termination of mankind. Yet there is nothing tabloidy about the site, is there, Paul? seen. But then we've only scratched the surface. I'll

ring Liz in Dallas." Liz Yaeger used to work with me as an investigator in Miami, though neither of

destruction of the ozone after I inherited my father's money and moved to London, Liz resigned from Kroll, eases. In addition, Lawrie's returned to Dallas, and now earns a fortune as a cyber-

> sleuth for private clients. As soon as I reached her, Liz asked how the "boy investigator" was, and how his "trainin" was "progressin'". Liz comes to London on business sometimes, and is endlessly fascinated by my relationship with Paul.

"He's fine, Liz," I said, perhaps too abruptly. "Yes, he's eating all his spinach and filling out nicely. Of course he sends his love." After another 90 seconds of Dallasstyle inanities we turned to business, and I asked if she would conduct a systematic search of the Doomsday site. I told Liz about Patrick Lawrie, "There's a chance," I said, "that someone has taken extreme exception to something on the site something provocative or

revelatory or imprudent." "Sure, I'll take a look at it, doll," said Liz. "I've got a beautiful piece of new software from some kids in Ki. Very clever kids. But you do realise, honey, that there may be real problems with meanin' and interpretation so far as subject matter goes? Something that looks inoffensive to me, you or lover boy may have been dynamite to someone else.

Am I right or am I right?" I told her I had thought of that, but that I still wanted her to run a search. It would take at least 16 hours, said Liz, probably more, and she'd be charging \$1,750. I told her to go ahead. It was Patrick Lawrie's money. Anyway, the Doomsday site was a money-spinner, with 32,500 subscribers worldwide. Liz said she would get

back to me. Paul and I went to bed.

We slept well, got up, had breakfast and spent 14 hours at a fitness club in Bayswater. Then we played four sets of tennis at Paddington Sports Club, a private haven in Maida Vale.

I used to beat Paul easily. but he's had lessons recently from a strapping female coach named Tara or Zara, or perhaps it's Tara-Zara, who disapproves of me intensely. As a result of these lessons, Paul has acquired a double-handed backhand, a bruisingly efficient serve and a streak of include nuclear, biological us was suited to the grad- on-court viciousness against most of his nights at my indefinitely. We could blow and chemical warfare: grind life at Kroll. A month which I flounder. Fortu-

nately, this viciousness evaporates as soon as he leaves the court.

in late evening, after we had eaten, Paul put on earphones, covered his eyes with a bandanna and sat absolutely motionless: all part of the recommended rigmarole for listening to Shamon's Breath, a trance-dancing disc by Professor Trance and The Energisers. Professor Trance gets on my wick, but Paul listens to Shaman's Breath whenever we are pon-

dering our next foray into sports betting. We like a bet. Paul makes the selections. I manage the money. Usually, we make good profits, which we spend on holidays, usually in the tropics. At the start of last year we had £6,627 in the kitty, but we lost some of that - 22.450 - on the soccer

World Cup. After an hour of Shaman's Breath. Paul tore his bandanna off, then spent 40 minutes checking lists of commercial betting odds on his laptop, as well as newscy previews of the final round-robin matches in European soccer's top club competition, the Champions

Finally, he said: "I've found some useful-looking ferent explanation alto- avail. bets, Jane. Barcelong ought to be good value to beat Brondby at odds of 6-4. If Roy Keane scores the first goal in the Manchester

The point is we are now certain that someone is dangerously vexed by something on the web site'

can have 14-1 on a bet stipulating that Man United lead at half-time but that Bayern We could do them as three doubles and a trable. It's called a trixie."

"I'm sure it is, Paul," I said. "How much will it cost?™

"Well, we'd want to make some insurance bets as well. Say four times £20 per trixie and four trixies in total. That equals an overall stake of £320. Is that a problem?"

Michael Thompson-Noel continues his three-part Jane Astor mystery. The plot thickens... "We could win close to

£17,000," said Paul, stripping

off his shirt to signal he wanted to go to bed. "Yeah, yeah, yeah," I said, following him towards the ștairs.

Liz Yaeger finally called from Dallas late the next evening. She'd had almost no luck, she said, though she was in the process of faxing me 147 excerpts from material on the Doomsday site that could - but almost certainly shouldn't - be construed as embarrassing or irritating from the perspective of the individuals or corporations to whom they

referred. "But that doesn't get us anywhere," said Liz. "These excerpts aren't in any way threatenin', vindictive or Doomsday site appears to be very carefully edited, presumably for legal reasons. Anyway, we are stuck with the problem of interpretation, babe. To you, me and Doomsday material seems innocuous. Yet somebody has got it in for your client. gether. Has Lawrie been

wild women? Or boys?"

attack on Lawrie was related to somethin' on the web site, to Kitzbühel for me?" the reason ain't obvious. That's what \$1,750 of your Koubek," I said. client's money buys you. doll." I thanked her for her ward to her next visit to

wasn't really worried by our lack of progress on the Lawrie case. "There are still plenty of options," I said, hollowly, glad that Paul, whose mind was on one equalise in the second half, thing only, did not seem remotely interested in what those options might be.

"We haven't got anywhere by studying the Doomsday site," I continued, stroking his thigh, "so we'll take things easy tomorrow. I'll cook something nice and we'll watch Manchester United versus Bayern Munich in the Champions' League. Perhaps we'll win enough money for a long trip to the Great Barrier

Beckett: a faithfull

courtier

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Section Section

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Name &

Reef, Paul." For as long as I have known him. Paul's greatest ambition has been to see the Great Barrier Reef.

I kissed his chest. Things were hotting up between us when the mobile rang. I wanted to hurl it across the room, but something - a vestige of conscientiousness from my earlier life, before I inherited my father's money? - prompted me to

answer it. It was my client, Patrick Lawrie, sounding agitated. There had been a fire-bomb attack on the office from which the Doomsday web site was produced. Lawrie had received the news from one of his partners, an Austrian named Hansjörg

Koubek. I had imagined that the Doomsday site was produced in London, but it wasn't. It was put together in Kitzbuhel, said Lawrie. This surprised me. "Kitzbühel in Austria, where they ski?" I said stupidly, distracted by the look of thwarted petu-lance on Paul's face. "Why

Kitzbühel?" "Why not?" countered Lawrie. "You can produce a web site from anywhere. Jane. Hans lives in Kitzbühel. His family have lived there for - I don't know -9m years. He teaches in Innsbruck but lives in Kitzbühel. He drives back and

forth. The attack on Hans Koubek's office had caused extensive damage, said Lawrie, though there was no threat to production of the Doomsday site. "We've got various back-up systems in place," he said. "The Doomsday site is all but indestructible, unless someone goes revelatory. As you say, the after it in cyberspace with an extremely competent

"But that's not the point, is it?" I countered. "The point is we are now certain that someone is dangerously lover boy, almost all the vexed by something on the web site." I told Lawrie I had spent \$1.750 of his money having the site swept by Liz Perhaps the attack has a dif- Yaeger's software - to no

"You're right," said foolin' around? Datin' wild, Lawrie. "So I want you to go to Austria to talk to Hans. "Shouldn't think so," I I'd go with you, but I'm due answered. "Lawrie's a scien- in Washington by tomorrow United-Bayern Munich tist, Liz, Dullsville-on- evening. There's a Pentagon match, we'd get 20-L And we Thames." "Well," she said, "if the systems, I can't afford to be a no-show, Jane. Will you go "Yes, I'll go and talk to

> I rang off. "Paul." I said. "Pack your toothbrush and time, and said I looked for leather shorts. We're going to Kitzbühel in the morning. There's an early flight to we'll hire a car."

> "Leather shorts?" said Later, in bed, I told Paul I Paul, considerably puzzled. He was lolling against the headboard, flexing his biceps, smoking one of my cigarettes - something that normally makes me angry. He looked sulky and impatient.

"Good God, Paul," I said. reaching for him again. "You're exactly like Austria: an irony-free zone." ■ End Game is a work of

fiction. All main characters. and all events, are entirely imaginary. Any resemblance to persons living or dead is

NEXT WEEK: The concluding chapter.

Dispatches / Ralph Atkins

Closely observed trains

seek shelter at the railway staby fog, that's us. It's a very We would sit pensively, watchmetaphysical spot: the dreams ing the intercity trains hurtle have quite replaced reality." upstream to metropolitan Frank-

But I know now that we - and le Carré - are but old buffers. I recently took the children on board the fantasy express to the five-day International Model Railway Exhibition in Cologne, for the signals to switch to 20 minutes away in an InterCity. green, confirming that the level Suddenly, the dreaming was on crossing gates had closed up broad gauge.

John le Carre only hinted at indoor exhibition space, 205 established German model railthe endless possibilities when he exhibitors from 14 countries and way manufacturers. Names such try. The UK has become a com- years. Market research in the trend is towards digitalisation wrote, in A Small Town in Ger. 29 clubs showing off their minta- as Fleischmann or Märklin have many: "You know what they say turised wonderlands, the the same authentic ring as the its model railway industry (at sending toy trains into the deliberate appeal to technophile about Bonn: either it rains or the Cologne show is the biggest great names of (full-scale) Ger- least if the UK exhibitors at engine shed. However, the Ger- 10-year-olds. "We have shown enormous stations - were too

the same time. An island cut off minimalists; the marketing razz- and Borsig in Berlin. You can reflected the dominance of model smell the oil and smoke. railways by the German-speakzerland, as well) at least in terms of spending per head.

Wolfgang Topp, managing director of Märklin, which an abstract affinity - but physi-turned over DM296m in sales cal, or at least mechanical. last year, attributes the German love affair with toy trains to two have opened up the west but it tion is growing older. The counfactors. First is the worldwide With 25,000 square metres of strength of the biggest, longest-

Second, as Topp says, "the today, he argues, are a "technol-ogy shaped generation". It is not

In the US, the railroad may it was certainly not for Essen. Krauss-Maffei in Munich, on the specialist enthusiast.

matazz and commercialism feel the pistons pumping or ness Germany's exports being transported down the Rhine - on the railway lines either side or

> sion manufacturing mentality. By rights, model railways German consumer spending is types. on the slow track. The popula-

But in Bonn you can still wit- by roughly 2 or 3 per cent a year. The reason, of course, is that playing railways is not really a hobby for children - but their ing countries (Austria and Swit-playroom always mirrors what is in giant barges. The love of fathers. Even the organisers of zerland, as well) at least in terms happening in society". Germans model railways is part of a preciadmit it attracts a high number of "freaks", fanatical about Prusshould be a declining industry. sian passenger wagons or tender

Manufacturers have long given up trying to attract female folnever quite made the connection try's traditional toy market is lowers. But they are seeking a into 1990s everyday culture, estimated to have contracted by younger clientele, building on overshadowed by the car indus- about 15 per cent in the past six father-son relationships. The puter-driven, service economy; past pointed to computer games and computer control with a level crossings are down. In fact, model railway exhibition in the man rail engineering: Krupp in Cologne were a guide) is focused man model railways industry that the model railway is not a nostalgic. But it whiled away the has jumped the signals growing relic of the past but a toy of day, And it wasn't raining.

today using living technology," says Topp at Märklin. Nevertheless, the fathers clearly have the upper hand. The

age factor showed at Cologne in the romanticised layouts of the late 1950s, early 1960s epochs. Everyone remembers their own childhood, their particular fascination with railways," says Topp. The manufacturers pitch products carefully - this is no commodity business, a German will want German rolling stock, a Swiss father will want the correct regional livery.

We strolled around the exhibition for hours, Charlie and Alex pressing their noses against the glass panels or straining rope barriers to watch tiny trains race through tunnels and climb Improbable gradients. Perhaps the plaster and chickenwire landscapes – the symmetrical mountains and tidy villages with

حكذا من الاحل

Beckett: a faithful courtier failure

Craig Raine on the playwright who wanted his drama to provide 'a full evening's agony

His dramatic world acclaim with an ing life up to the last couple unbroken series of "deliberete" duds, plays seething with antipathy to the Theatre: Waiting for Godot, Endgame, Happy Days. Beckett's truly theatrical, truly human greatness is to be found rather in the dwarf drames -Krapp's Last Tape, Not I, Rockaby, Embers. Alan Schneider, Beckett's chosen director in America, is indiscriminate, an enthusiast who is on for everything. The works meet the most perfect works manager. That is the main story of this cor-

In the 20th century, it is

NO AUTHOR BETTER SERVED: THE CORRESPONDENCE OF SAMUEL BECKETT AND ALAN SCHNEIDER edited by Maurice Harmon Harvard \$35, 512 pages

axiomatic that to be avant garde is to be misunderstood. There is no success without prior failure. Instant success entails subsequent failure - think of Ripling, blighted by his perceived blimpishness and his tainted popularity. The true artist's place is well outside the nale. This myth is so potent winning moment in these letters. Nixon is being impeached. Schneider sends Beckett a comic revue satirising Nixon's antics at the White House: Watergate Classics parodies Lucky's speech in Godot and makes a connection between Krapp's Lost Tope and the Watergate tapes. Schneider is gleeful. Beckett fastidiously differs: Thanks for the Wateroate Classics. I do so hate the hue and cry, however obnoxious the quarry, that I'm sorry to be there."

"There" being inside the pale - odiously and invidiously with the majority. This was repugnant to a writer who had spent his life avoiding being caught in the cleft rump of the consensus, with its overpowering odour - not of ordure, not even of sanctity, but of sanctimoniousness. One thinks of Zbigniew Herbert's poem "The Power of Taste", which explains political dissent not in terms of courage, but in terms of mesthetics - the sense that the regime is, in the end, unacceptably vulgar. Com-

Beckett believed in failure. He courted failure faithfully, assiduously. He snubbed popularity patiently, pointand failure on the public

eckett is a very level never mattered much uneven genius. to me, in fact I feel much more at home with the latcareer flutters der, having breathed deep of infallibly to its vivifying air all my writof years.

But surely Beckett wanted to be popular in the end? Yes and No. When he won the Nobel Prize in 1969, his wife explained "Tu as gagne. C'est une cotastrophe." Not an envious cry, I think, but indicative rather of an habitual, hardline mistrust of the garlanded - the honoured as harmless, empty, spent forces, plumply sprawled on their laurels, a couple of undone fly-buttons tearfully on show. That quotation about the "vivifying air" of failure significantly continues: "And I cannot help feeling that the success of Godot has been very largely the result of a misunderstanding, or of various misunder-Godot is an instrument of

sustained torture, of denial. All the audience's expectations and addictions are comprehensively refused action, sustained dialogue, characterisation, basic coherence. When the play first opened the suspense, the discomfort must have been acute. A glance at the programme would reveal instantly the non-appearance of Godot. The suspense really resides in the flaccid. indifferent awareness of its own inadequacy as drama an attitude encapsulated in these letters by Reckett's se that it accounts for the most design specifications for Happy Days: "a pathetic unsuccessful realism, the kind of tawdriness you get in a third rate musical or pantomime, that quality of paupier, laughably earnest had imitation." Rather than construction, then, bricolage, make do and mend, routing routines, business as penal drama with Alzheimers, full of self-forgetful pauses and evaporating connections. The drama lies in whether the play can falter through the next few moments. "So all things limp together for the only possible" - as Beckett puts it so accurately in Murphy. As drama, Godot has all the invigorating danger of plunging its audi-

> It should be played, wrote Beckett in 1957, "as forcion! parody of polite drawing room conversation". Beckett the iconoclast, taking his hammer to the French windows and other fixtures of West End drama. Two months earlier, he frets about programming his work in New York: "I should make it clear that I want Endgame, too short (one hour and a half) to provide a full evening's agony, to be followed in NY by the mime (20 minutes) . . . A full evening's agony. It finished, nearly finished, it thing? Clou: Mean some-

ence under a cold trickle of

would be a mistake to think Beckett is joking. A year previensly, as he puts the finishing touches to Endorme. he expresses his preference for the desert mime to follow as the last strato" (my italics). The aim is not invention but its opposite, aesthetic exhaustion - not fullness but evacuation, not Dieasure but pain. If a thing isn't worth doing, it's worth

doing badly. For Beckett, drama at its best is at its worst. Only the cognoscenti can savour the insult of a playwright barely able to bother.

In Endgame, the title alludes to chess - a form of play and a ritualised form of conflict - and the moment when, given the paucity of pieces left, a very limited series of moves, of plays, can be predicted. The chess terminology is there emblematically, then, as a guarantee of dramatic duliness. Endgame opens with Clov's covert assertion that drama itself, time and the created world, are equally. washed-up: "Finished, it's

must be nearly finished." A start replets with promise. Joyce, Beckett's greater manter and indifferent mentor. amplied the term hemiplegia or paralysis to the souls of his Dubliners, but it would apply more exactly to Beckett's thwarted, hobbling, hampered theatre works. Endgame is mined with disaffected innuendo and insulting disclaimers: "this is slow work"; "this is not much fun"; "why this farce, day after day?" and when one character asks. "What's happening, what's happening?", the laconic answer comes, "Something is taking its course". Each of these torpid reflections is twice repeated. Not so much an economy of scale, as a minglness of scale. Nagg and Nell are pawns at the end of their progress, immobile in their dustbins; Hamm is in a wheelchair, like a King restricted to one movement; Clov limps diagonally across

the stage. The two principals

sum up the dramatic flasco:

"Hamm: We're not beginning

to... to... mean some-

thing! You and I, mean lent biography has been Served promises more disclosomething (Brief laugh) Ah that's a good one!" The flickering, exhausted action is a the butt of constant disaffected comment: "Keep going, can't you, keep going!" attempts to keep inanition at bay. There is something tonic

'I write because I have to - I don't mean for money – but for my own

in Beckett's refusal to toady to his audience, in his insistence that the drama is unworthy of applause utterly clapped out aesthetically. And his disbelief in the genre curdles nicely with nisms: Deirdre Bair's excel-

needs'

ostracised by the literary establishment but it is a trove of Beckettian aesthetic brutalities: "the best possible play is one in which there are no actors, only the text." Artistically, Beckett is a nihilist. Compare Wilde's doorbell and Beckett's alarm clock. Wilde shares the joke, while Beckett dares you to laugh. Wilde's doorbell is Wagnerian", a work of art only because its note is sustained either by a relative or creditor. In Endgame, the alarm clock is there to buy the idea of art and the notion of discrimination, differentiation or development. "The end is terrific!" says

says Hamm. With this ostentatiously glazed indifference, however, comes a self-regard much on view in these letters. If Beckett turns his back on the world, it is in the manner of Gilbert Osmond in James's A Portrait of a Lady - that is, a display of unworldliness that never loses sight of its jacket of No Author Better

Clov. "I prefer the middle,"

ceeds. Throughout he sets his face against axplication - and sets a fashion for the exegetical oubliette. "But when it comes to these bestards of journalists I feel the only line is to refuse to be involved in execute of any kind. That's for those bastards of critics." David Caute's biography of Joseph Losey, A Revenge on Life, gives us Pinter and Losey facing an audience of college editors about Accident. [Ross Westzsteon's report in The Village Voice reproduces the friction created by Pinter's pretentious perversity with its element of hommone to Beckett: "I'd understand questions about meaning if I knew what the word meaning' meant." Losey also took up this "Trappist ritual" and the critic John Simon accused the pair, with every justification, of insulting

their audience: "I've seldom

seen two such consummate

time." Remember what a

sure than it actually deliv-

ers. Beckett gives less away

as the correspondence pro-

worthy but slight film Accident is. Neither was a phoney au fond but they had learned two things from Beckett - the trick of treating the audience with contempt and an awareness that an authorial vacuum will suck in hermeneutical inter-

Had this attitude been cynical, it would have been acceptable. In 1967, though, at the time of the Pinter-Losey press conference, the artist was conceived of as fatuously instinctive, a creature of profound intuition. Like the poor, he is still with us. No Author Better Served serves up quite à lot of this mystical, self-aggrandising, pretentious tosh. The explanation in Beckett's case can be found in Deirdre Bair's biography. Beckett was desperate to shake the shadow of Joyce: "I am sure that every letter, every syllable, every word, every sentence, every paragraph, every page, every chapter of every book, had meaning, because that is the way Joyce committed his thoughts to paper. In my case, I write because I have to - I don't mean for money but for my own needs. 1 don't know where the writing comes from and am often

> Success and failure on the public level never mattered much to me

quite surprised when I see what I have committed to paper. Writing, for me, is an entirely different process than it was for Joyce.'

What we have here is not truthfulness but territoriality. It is pure pretence when Beckett feigns equality with director, actor and audience in the matter of meaning: writing to Schneider about the gabbling "dead" woman in Not L suffering her afterlife or self. Beckett writes that she is "purely a stage entity, part of a stage image and purveyor of a stage text. The rest is Ibsen." Here Beckett is modishly denying "the old business of author's supposed privileged informs

Supposedi li it ever came to directorial liberties - that ia, assumptions of real equal ity - Beckett would have none of it.

When he is writing Happy Days he confides to Schnel der some boldly bogus haruspication as the dramatist investigates the rag and hone shop of his brain: "I don't see the play at all clearly, but a little more so. The figure is a woman as far as I can see ..." Reading this disingenuous piffle, it is diffleult not to quote Paul Valery on Victor Hugo: "The very qualities which Hugo thought would make him immeasurably great and rank him with the gods merely make him seem ridiculous. His notion was based on a fallacy. A poet should make no secret of his calling, should talk of versification, own up to his midnight oil, and not profess to hear mysterious voices."

Alas, the example of Alan Schneider, whose half of this correspondence shifts from the devoted to the devour. shows us that Valery is right to conclude with a rhetorical question: "But would people have any use for poetry if it did not claim to be oracular?" For "poetry" read "drama" and you have the case of Samuel Beckett, sulking formidably in the shadows - waiting perhaps for tions, Fade-up to dim.

Short Stories/Christine Pountney

When the head kills the heart

n her latest collection of short stories, Elementals: Stories of Fire and Ice. A.S. Byatt explores the often paradoxical relationship of attraction between opposites and the reciprocal nature of polarities. Although her stories are intellectually formidable and academically sound, they lack emotional impact; they are the sum total of cerebral propositions, as tidy as mathematical equations. Her characters are one-dimensional torch-bearers, loaded with significance. They stride on to stage like doomsday nay-sayers, squashed between the sandwichboards of their own ideological fanaticism.

If allegorical reductionism and ideological certainty are what riches, and knowledge he has ou seek, you will find this book us holstering as two leather book a kiss. ends, but if you want real live flesh and blood, then you might

be disappointed. In "Crocodile Tears", Patricia loses her husband and surreptitiously disappears to Nimes where she is rescued from numb indifference by a guilt-ridden, blue-eyed Norwegian. Help arrives in the form of the Norse ful woman in tow. arrives in the lorn of the train. Hardly parturhed Remard Tars showers of her hudward of a commondate works of art ranging from Leonardo da series of 769 gouaches called Life? Or national d'art moderne for renovation was by arrangement now.

pass, the two characters find finds his next muse in the purple the temperate zone of acceptance, compassion and responsibility. In "A Lamia in the Cevennes"

Bernard, a ruthlessly ambitious painter, discovers a lamla in his swimming pool. The lamia (a mythical creature or sorceress. with the body of a woman or a snake, who preys on humans) offers Bernard all the power, ever dreamed of in exchange for

More concerned with capturing on canvas the snake's iridescent colours, Bernard puts off kissing her until his friend Raymond arrives for a visit. That night, drunk and tired, Bernard forgets to close the windows. In the morning, Raymond descends from his bedroom with a beauti-

their way back from the cold cli- and orange wings of a butterfly; in the collection. It manages to is a stream-of-consciousness mate of shock, grief and denial to once again, "happy, in one of the ways in which human beings are happy". "Cold" is a fairy tale about Fiammarosa, an ice princess, who falls in love with the hot-blooded, glass-blowing Prince of Sasania.

Once arrived in the prince's hot country, their rapturous lovemaking gradually withers to domestic neglect as Flammarosa begins to wilt from the heat. Sasan, ever in love with his chilly bride, comes up with a solution; he builds her a palace of glass set deep in the snowy mountains on the edge of his

It is not a perfect scenario as the prince has duties back in the capital; but compromise triumphs in the end, and Fiammarosa learns to occupy her time during the frequent but tempo-

"Jael" is by far the best story combine intellectual fact with interweaving of the narrator's humour and the human touch. It is a story about boredom and competition, about what could

ELEMENTALS: STORIES OF FIRE AND ICE by A.S. Byatt Chașto & Windus £12, 232 pages

have been, informative experiences in childhood, and the unreliability and insistence of memory - about the "significant things that of course you remember ... and then the other sort, the curiously bright-coloured, detailed pointless moments that won't go away". It is also about making art by altering the facts - something Jess is all too familiar with as a writer and director

Written in first person, "Jael" past and present. A continuum is drawn from Jess's first artistic awakening as a child, colouring in an illustration of the biblical story of Jael and Sisera, to her present job; yet what she remembers most about the illustration is not the "shocking morals" of the tale, nor the biblical invitation to gloat over violent revenge, but the excitement she felt at spreading "more and more of that red over the naper".

"Jael" provides a sophisticated look at the moral ambiguity potentially inherent in a work of art (along with a delightful etymology of the word grenade, and a surprising argument in favour

In the last story of her collection, "Christ in the House of Martha and Mary", Byatt continues

tion of art, raising the artist to a priest-like status. In a rather pompous story about the painter-as-Christ, two peasant women come round to a different way of thinking. They are both admonished, one for her vanity, and the other for

not understanding that, as a cook, she has a craft too, equally important in its attention to detail as that of the painter's: a craft so important that, through interpretation, it can raise an object to a level of even greater significance than it has as a

thing in itself. "It was silly that oil paint on board should make eggs and fish more real, when they were less so. But it did." This quote perhaps best sums up the driving force behind the collection, and a point on which the author and

reviewer disagree. There is a vein of intellectual airust s contri, una exchicutioni, ilirat seen Aribase, tel: 31-20-684 6441



emotional complexity: A.S. Byatt

book that left me feeling cold a certain static lifelessness to Byatt's characters. By prioritising art over life, imposing intellectual tidiness on to the emotional complexity, sometimes indeterminate nature of life, Byatt has written a collection of stories that, paradoxical though it may be in a book as meticulously descriptive as this one. describes less about the world than it does about the author's

course, are dead certs, and 1999 opens with the loudest of them in sparklingly up-to-the-minute form. Tom Clancy's Power Plays - ruthless.com (Michael Joseph). about a new kind of millenial military software terrorism, is out for the New Year.

John le Carré's Single & Single (Hodder, January) is a novel of love and "the triumph of humanity" set on the crime-driven streets of post-Communist Russia, on a billionaire's estates on the Bosporus and in the High

John Grisham's The Testament (Century, February) mixes legal suspense and adventure in the tales of a burnt-out Washington litigator just out of rehab and a woman who left modernity to live with a primitive tribe in the Brazilian jungle. Any future sociologist of pre-millenial fears, hopes and dreams of escapism across the globe could write his thesis based on these three international novelists alone.

For newer authors, the risk element - will it, won't it hit the big time? - used to be the sexy ingredient of publishing, but increasingly in a vast global market -Grisham has sold 60m copies for enormous sums, such things

The bandful of new titles which receive six or seven-figure advances are the ones that gobble up marketing budgets, are hyped months in advance and arrive in bookshops stamped "bestseller" before a punter has even opened them. More books are published than ever, but we have paradoxically less choice

about the ones that reach us. Billed as thrillingly original,

It's apocalypse now...

Next year's authors are brooding - on genetics and psychology - says Jackie Wullschlager

ers-in-waiting of the late 1990s. Exotic setting is a must; flirtation with history important; an undercurrent of environmental or 1990s caring values belps; a plucky heroine ahead of her time clinches the deal.

Arundhati Roy's The Goddess of Small Things (1997) was the prototype for this kind of mockradicalism. Likely bestsellers in the same mould for 1999 are Lauren Belfer's City of Light (Sceptre, June), set in glamorous 1900s Niagara at the time of the first environmental battles -Michelle Pfeiffer is already billed as heroine of the movie; and Andrea Barrett's The Vougge of about a Victorian polar expedition gone wrong and the frustrations of a group of Philadelphia ladies left behind.

Non-fiction cousin is Bella Bathurst's The Lighthouse Stevensons (HarperCollins, April): Robert Louis Stevenson's ancestors fought the elements to build lighthouses along the wild Scottish coast in the late 18th cenwhere world and film rights sell tury. This slim, precisely focused account has shades of Dava Sobel's Longitude, in style and layout; US rights were sold for

six figures. Then there is The Emperor's General (Michael Joseph, July), a Madam Butterfly of our time, set in Japan and America at the end of the second world war, about a captain torn between patriotism and love for a Filipino woman. Written by James Webb, one of the youngest members ever of the US Cabinet, serving as Secretary of the Navy at 41, this is an in a marketing executive's eye - insider's tale of the seduction of corn (Cape. March); and Annie

sadly uniform about the bestsell- power; rights have gone to Paramount Pictures for \$2m.

Of young British voices, 30year-old Richard Mason, undergraduate at Oxford, is flavour of the year; in The Drowning People (Michael Joseph, April) murder and intrigue play out against the backdrop of Prague and an ancestral home by the Atlantic.

Established literary novelists, by contrast, are in apocalyptic mood. Salman Rushdie's The Ground Beneath Her Feet (Cape, April) is "a tale of love, death and rock'n'roll" - a singer is caught up in an earthquake, symbol of "our shaken, mutating times"; in a remaking of the Orpheus myth, a lover's search for her is also the story of flawed Doris Lessing's Mara and Dann.

(Flamingo, April) is the odyssey of a brother and sister living in a future where the earth's climate has reached extremes - icy north and unbearably hot and dry south - between which they

Peter Ackroyd's The Plato Papers (Chatto, April) is set 2,000 years hence; a London orator lectures on the unhappy era of Mouldwarp, time of Dickens and Freud; his history is deemed so brutal that he is tried for corrupting contemporary youth. Ariel Dorfman's The Nanny and The loeberg (Sceptre, March) is a comedy of sex, Antarctics and Che

Among chroniclers of the everyday come John Updike with a "quasi-novel" of a septuagenarian, Bech at Bay (Hamish Hamilton, January); Shena Mackay with The World's Smallest UniProulx's Close Range: Wyoming sharpest cultural commentators, Stories (Fourth Estate, June) one of the stories, Brokeback tion against the advance of scien-Mountain, of doomed love tific ethics, or lack of them, in between two drop-out country hovs, is to be filmed by Gus Van Sant - while Vikram Seth's An Unequal Music (Phoenix House, April) is a romance which opens with a chance sighting on a Lon-

Written by one of the youngest members ever of the US Cabinet, this is an insider's tale

In non-fiction, genetics and psychology are the themes of 1999; we are obsessed with how we will shape up as a race for the new millennium. In Sex in the Future (Macmillan, April), Robin Baker, author of Sperm Wars and Baby Wars, shows how biological factors shaping our reproductive behaviour for millions of years are suddenly changing, and how social and technological advances egg-egg fertilisation, ways for men to have children with men,

relationships.
But most of us don't want designer bables: in Brave New Worlds: Genetics and the Human Experience (HarperCollins, January), Bryan Appleyard, one of our

cioning - could influence sexual

takes the liberal humanist posigenetics. Jonathon Weiner's Time, Love, Memory: The Story of Cenes and Behaviour (Faber. May) inquires into the origins of behaviour - how much is decided before we are born, what is written in our DNA, in what code and of what materials?

All these should be read in conjunction with Seven Up: From even to Forty Two (Heinemann, March), the accompaniment to Michael Apted's brilliant documentary series, which filmed 14 children aged seven in 1963 and followed them, every seven years, showing how they grew up, how Britain changed and how class exerts an indomitable influence

At the start of the 1990s, the promise of Prozac made us question the nature of unhappiness; 1999 is the drug's 10th birthday and a rush of books on the nature of depression are out. Lauren Slater's Proxic Diary (Hamish Hamilton, February) is about living with mental illness, controlled but not cured by Prozac. Malignant Sadness: The Anatomy of Depression (Faber, February) ties in with Lewis Wolpert's new BBC series and presents depression as a normal emotion become pathological; biological and psychological understandings are explored.

Doctor-next-door Thomas Stuttaford chips in with in Your Right Mind: A Guide to Everyday Psychological Problems and Common Psychiatric Conditions (Faber, May) and David Smail reissues his controversial The

Origins of Unhappiness: A New Understanding of Personal Distress (Constable, March), about the effects of visible and invisible social power, arguing that "it is the society we live in rather than the individual that needs to be treated".

The nature of power runs like a golden thread through the culing Money out of Thin Air (Viking, June) Charles Leadbeater argues that the old economy of the industrial era is giving way to an economy based on knowledge, ideas and creativity from Bill Gates to Delia Smith and Princess Diana to Calvin

National The What in Britain April) is about money, ownership and control at all levels of society. Martin Short's Secrets of the Jury Room (HarperCollins, July) is a devastating, timely critique of our woeful judicial process; Simon Heffer analyses the consequences for the English of the dissolution of the Union in Nor Shall My Sword: The Reinvention peans see Englishness in Voltaire's Coconuts, or Anglomania in Europe (Weidenfeld, March).

Hottest political biographies come from overseas: George Stephanopoulos' All In the Mind (Hutchinson, March), a spindoctor's revelations about the scandal-by-scandal reinvention of President Clinton, and Ncison

Anthony Sampson's authorised biography, published to coincide with Mandela retiring from office as President of South Africa. David Mellor's Old Wine and Brolen Battles: The Tories in Power Vichael Joseph, May) suggests cal amusement and Margaret ok's A Slight and Delicate aure (Weidenfeld, January), geance, nong historical lives, one of greatest biographers, James ell, is finally biographied, there are simple.

June); there are rival lives of Kipling. The Unformving Minute, by tural and social commentaries of Harry Ricketts (Chatto, January) 1999. In The New Economy: Mak- and by Andrew Lycett (Weidenfeld. April), and, in the bicentenary of his birth, of Pushkin - by T.J. Binyon (HarperCollins, autumn) and by Serena Vitale (Fourth Estate, February).

Most exciting critical works will be Shakespeare: The Invention of the Human (Fourth Estate, March), by the clever and eccentric Harold Bloom, and Farewell ominic Hobson's to an Idea: Episodes from the History of Modernism (Yale, March). in which Berkeley Professor T.J. Clark suggests that modernism (HarperCollins, and socialism depended on each other and have ended at the same

George's Ghosts: The Secret Life of W.B. Yeats (Picador, May), promises sensations from Brenda Maddox, who has wittily unravelled the marriages of Lawrence and Joyce, and Matthew Boyden takes on one of art's most difficult moral cases in Richard of England (Weidenfeld, April): Strauss: The Conquest of Conlan Buruma examines how Euro- science (Weidenfeld, April), spanning a lifetime in Germany from 1864 to 1949, including the Nazi years. As usual, history's villains make irresistible heroes: look for Ann Wroe's Pilate: The Biography of an Invented Man (Cape, March), Curtis Cate's Friedrich Nictasche (Hutchinson, June) and Nell Schaeffer's The Marquis de Sade (Hamish Hamilton, July).

The 'It' girls of the old south

Jeremy Gavron on the fascinating lives of Nancy Astor and her sisters

1890s, and would have faded with their looks had not the third of them possessed a feistiness and ambition to Waldorf Astor, one of the all five put together. As summoning her sisters, she famous women in the world. British politics. confidante of George Bernnent of Winston Churchill, with whom she crossed swords as Britain's first sitting woman MP.

Her story is well known. but in delving into her family past, James Fox, her grand-nephew, has given it a new context, as well as hands of a Thackeray or painting an intimate picture of an extraordinary family.

The Langhorne girls were born into a world whose hankering for the old south" destroyed in the civil servants' quarters of his war gave it a peculiar mixture of instability, romanticism and degeneracy. Irene, the last of the Southern Belles - her 62 proposals of marriage were "a matter of civic pride" in Richmond, ing find, what they mostly Virginia - escaped by marrying the New York illustrator. Dana Gibson, who made her

Nancy and her younger whole left to tell their own sister Phyllis were not so story, without the refracting lucky. Phyllis married a mixture of fascination and "spo'tin" gentleman who revulsion with which Fitzcalled her "old man" and was "pretty well busied with them. Mr Quail bird", while Nancy's husband was a polo player who apparently overcame her sexual distaste of him by chloroforming and impreenating her.

This, in a cruel way, was the making of Nancy. To irist of the rich and noble, escape she took her son and Evelyn Waugh. The Captain crossed the Atlantic to was a big game bunter, and

free UK p&p.

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FINANCIAL TIMES

No FT, no comment.

Dame Edna Everage" - was so enchanting that she had her pick of men. She chose THE LANGHORNE

SISTERS by James Fox Gruntu £30, 610 pages

George Eliot, it might have made a sweeping Victorian novel. But Fox's chief source material tips it more towards melodrama. In the grandparents' house he found an old black trunk containing thousands of letters written by the sisters to each other, and while these are a uniquely revealreveal is an obsession with money, jewels, shopping, looks and courting. These are women out of Scott Fitzgeraid definingly viewed

The letters from the sisters' men are more interesting, and it is a pity that those from Phyllis's suitor, nant, never fell into the

The Langborne sis- England, where her for several years his passionters were, forgive southern sass - Fox com- ate letters written from pares her at different times Increasingly wild and to "Muhammad Ali and obscure places, East Africa, Mongolia, Chinese Turkestan, where "after three nights on a mountain unsuccessfully chasing a she-bear. equal the ethereal beauty of richest in the world and, the Captain suddenly let loose with his pen", kept Nancy Astor, she became set out to conquer, first. Phyllis in thrail. When war one of the richest and most English society, and then broke out, the Captain was offered a staff post which Fox likens his story to a would have meant signing up for ten years, but unwilling to be a soldier's wife Phyllis encouraged him to remain at the front, where a shell took off his head. His Grenadier Guards uniform was sent to the Langhorne home in Virginia, where the "classical drama" and in the coloured family butler wore

> The Langhorne Sisters is Fox skilfully and seamlessly public lives. Perhaps the most sympathetic character Phyllis after the Captain's prevent the economic colthe second world war.

Captain Henry Douglas Pen- parts his new material illu-Any book,

tor of the Observer, broke man had been an officer in as a cockney character boyfriend in Elephant & Cas-



though, by Fox's consistently serious approach to his subject. Beauty, and in Nancy's case wit and will, enmeshed the sisters with the events of the time, and weaves together private and Bob Brand, who married death, and worked with John Maynard Keynes to lapse in Europe that led to But it is Nancy, as in life,

who increasingly takes centre stage. Conscious that her biography has been written several times, including by herself, Fox does not try to tell her whole story, but concentrates instead on the minates, such as her bravery in sitting day after day for two years as the only woman in a hostile male parliament. She may have been badly informed", her ideas "largely based on emotional prejudice", but her mere presence was worth a hundred clever "speeches."

As a mother she was less of a success. With her wit and charisma she made her sons fall in love with her. but gave them little back. David, later the brilliant edifrom her completely for several years, while her oldest son, Bobbie, who as a young the Royal Horse Guards. ended up in his sixtles living under the name Woodbine Jack. He rented a room from the foster mother of a former tle, having decided that working class people were "nicer, more human and enjoyed life more." His cousins, Phyllis's two sons, had already both committed suicide. Some years after his mother's death. Bobbie took own simple way tells as geon 20 years her senior and



For the love of a revolutionary Kieran Cooke on the haunting tale of the society girl Fidel Castro cast aside

n a small. cluttered apartment room in Havana a majestic looking woman, as old as the century, sits turning the pages of her photo albums. Dona Natica looks at pictures of dances at the old yacht club, society ladies playing canasta at the Hotel Seville and at fading images of elegant young men and women parading along the Malecon, the Havana sea

front. Across the room, Naty, Dona Natica's daughter, is caught up in reminiscences of a different kind. She unfuris the ribbon on a pile of love letters exchanged in the early 1950s between herself and Fidel Castro. The future Cuban leader is in prison. Naty, daughter of a is dancing her way through know what will become of that I am placing you on an store." altar inside my heart" writes

This is a remarkable book

economic analysis. Natalia Revuelta Clews (her grandfather was a naval engineer who arrived in Cuba from Staffordshire at the end of the last century)

inhabited a glittering world as a strikingly beautiful 20year-old in Havana in the mid 1940s. "Postwar Havana, like Paris and Buenos Aires in the 1920s and 30s, was an

enchanted place: King Leonold of Belgium at the golf course with the Count of Barcelona; the Duchess of Alba at the Gomez-Menas ball: the black-tie dinners after the regatta at the Havana Yacht Club, where the winner of the Copa Bacardi sat on a high leather chair singing 'Lobo de Mar', well to do merchant family. with Carole Lombard in the chorus. It was no accident Cuba's high society. "I don't that El Encanto (The Euchantment) was the name us, but I want you to know of the leading department

Naty was caught up in a class composed of people who devoted themselves about love, disillusionment almost entirely to being decand exile, a tale which in its orative. She married a sur-

political treatise or weighty fell in love with Fidel Castro. Fidel used Naty's house as a refuge in his struggle against Batista. To this day, writes. Dona Natica is horrified at The world of the socialite her daughter's folly (not turned revolutionary is shattered. Naty's husband leaves least among Fidel's sins was

> between the fiery, egocentric HAVANA DREAMS by Wendy Gimbel Virugo £16.99, 196 pages

that he did not know how to

dance). The relationship

revolutionary and the society girl grew. Naty sends Fidel books to read in prison French and Russian classics - and Kipling's poetry. "Take care of your teeth so that when you read my letters, there's a white smile on your face" she tells Fidel. "Remember that nicotine stains the teeth and that you smoke like a chimney.'

When Castro is released have a brief physical relationship. A daughter, Alina. is born. Batista and the mafiosi flee the country and, in 1959, Fidel sweeps triumdaughter are brushed aside Gimbel.

revolution. "You know that personal matters are the least important to me" he

with their daughter for the

US. It will be 20 years before

mother and daughter meet again: by then they are virtual strangers to each other. Alina has only fleeting glimpses of her father as she grows up. Once he brought her a doll - a figure of a rebel soldier with a beard. Another time he asked if she wanted to see a movie. Alina yearned to see The Godfather. Fidel showed her a film of his recent tour of Eastern Europe. The daughter of the great revolutionary suffers from eating disorders. She marries - four times within as many years - and has a

daughter of her own. ln 1993 Alina Fernandez from prison he and Naty Revuelta (Fidel refused to give her his name) escapes to the US where she is feted by the media for a time and then forgotten. "Escape was and is the prevailing theme phantly to power. Naty and in Cuban life" says Wendy

The exiles in the US (los

gusanos, or the worms, as Castro calls them) are a discontented lot, clinging to the faded images of the past. Meanwhile, those left behind in Cuba dream of escape or, like Naty and her mother suffer a form of internal

Fidel himself is also a curiously dated figure, talking of the Cuban missile crisis as if it happened yesterday, still mouthing slogans no one believes in any more. And in the background is the tired old quarrel between Washington and Havana - a silly business with little relevance to present day reali-

exile, trapped in their memo-

Standing nobly above it all is Naty. She has sacrificed four decades for a man and a movement that gave hen nothing. Yet she has no bit-1 terness, no regrets. She has her old love letters. There are still others like her in their Havana apartment blocks, rummaging through the past, too old to worry

about the future. "Nos pasamos la vida viendo pasar el tiempo" ("we spend our lives just watchBrave critique of a shunned composer

them

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ARTS

Why age does not wither them

William Packer admires the work of three older artists whose talents continue to mature

that new art is not the sole province of the young. The true artist. over as long a career as may be, is constantly renewed through the renewal of the work itself, as it shifts and develops, returns to old themes and former preoccupations, and moves on again. He is still the abstract: We look to young artists, of course, for the freshness of emerging talent and precocious accomplishment; but the canvas - and some are even young Turner, young Titian, young Rembrandt, exew old.

Albert Irvin is now 76, and still painting with all the brio, scope and ambition of a young man. Last month he was elected to their number by the members of the Royal Academy, *cum laude* as it were – and not before time. The only wonder is that he has not been a member these 30 years past, for he has long been a loyal supporter of the Academy and its summer exhibition, sending in long before it became fashionable among the bien pensant avant-garde to do so. The truth is that, in this country at least, he has been largely ignored. He was 61 before a single work of his was acquired by the Tate, and for the 20 years before that had shown seldom and with little success except, to some beonds, treates

The reasons for such neglect were, perhaps, his was k should be.

t is a point that cannot virtues as a painter - an be made often enough, irrepressible ebullience of expression, an all-embracing huxuriance of saturated colour in times when a certain cool, even puritanical restraint was more the order of the day. These are the virtues we celebrate in his latest exhibition at Gimpel Fils. painter he ever was, broad and sweeping in the statement however large or small very large - as fluid on the surface, and as rich as ever in the colour, whether pitched high in key or low.

> composition seems now to be creeping in a formal play between sets of vertical and horizontal bars, sometimes overlaid - though, being Irvin, it is more a case of their being off-vertical and off-horizontal, like wonky piles of wood. And while these are in no sense landscape paintings as such, distinction, but again somethere does seem to be a what taken-for-granted and return to the old horizontal mot exactly over-represented division in the work between in such places as the Tate top and bottom, as it were where the 1984 catalogue hint of landscape comes in a canvas and a print. For him space once more, rather than the shallow, frontal disposition he has favoured in scale; modest subject-matrecently. This is work in ter; quietist in mood; meticutransition, developing and lous in the dry technique of moving on - new stuff tempera. His latest paint-indeed, which at 76, is just ings, now at the Redfern Gal-

But a certain regularity of

David Tindle is a mere 86, an RA of long-standing and sky and ground. With this gives him one small still-life more open, siry pictorial the reasons, perhaps, are complementary - figurative rather than abstract; small lery, at once comfirm and

Scale and mood and subjectmatter are still pretty much the same, and so too the technique, and yet the feel of it all is markedly different. The tempera seems more freely-stated now, and rather

less assertive an element and presence in the work. And that quietist mood seems to have grown more positive in its imaginative suggestibility - the sense of the empty room, the empty chair, the deserted garden outside the window. The combinations of mun

dame objects of still-life now register more strongly ambiguous possibilities the looking-glass, the bottle, the shells, the cigarette on its packet, the fallen rose. the hat, the egg, the hatter's dummy. Tindle has moved into that area between the symbolic and the metaphysical - we think of Knopff in the interiors, and of the early still-lifes of the metafisici, de Chirico, Carra and the young Morandi. Yet he remains entirely himself, as

though but for all that, hardly a Young British Artist. He is a sculptor, pre-eminently a carver, and particularly drawn to the symbolic monumentality of the ancient and oriental traditions. But for the moment he has moved indoors, and turned from symbolic imagery to the still-life, in particular the pot. His, however, are marble pots set in ones and twos. in one case five. on marble bases, turned and he too continues to move on. It to exploit the translu-Stephen Cox, at 52, is the cency of the stone.

They are intriguing things, youngster of the three. small in themselves, self-consciously precious as much in the presentation as in the making, oddly incongruous and disconcerting - fragile yet massive, rough yet delicate, translucent yet manifestly solid, useful yet impractical. And they seem to take on from such contrariness something of a ritual character, as they might be small fonts, or weighty chalices for unknown ceremonies. Should they have been turned as thin as the

aspire? Would that even be possible? Who are we to say? Cox, for once, is simply asking the questions. That, too, is a real development.

Albert Irvin - recent paint ings: Gimpel Fils, 30 Davies Street, London W1, until January 16. David Tindle landscape and still-life: The Redfern Gallery, 20 Cork Street, London W1, until January 14. Stephen Cox small sculptures: Michael Hue-Williams Fine Art, 21 Cork Street, London W1,



David Tindle's work has now moved into that area between the ever

Brave critique of a shunned composer

David Murray reviews a rare production of Pfitzner's early opera 'Die Rose vom Liebesgarten'

admirable thing, sparing no expense. They have revived what once seemed a major opera by Hans Pfitzner, Die Rose vom Liebesoarten ("The Rose from the Garden of Love"). With Decca's revival on CDs of so much Entartete Kunst, revealing so many adventurous German, Austrian and Czech operas that were vilified and banned by the Nazis, it is only fair that the ultra-conservative · composer whom the Nazis endorsed (for a penury. while) as the true upholder of Deutsche Kunst should get some new and thoughtful exposure.

Hitherto Pfitzner has survived through his unarguably "important" opera Palestrina (1917), without anybody much wanting to pursue him further. Like many another conservative German artist, Pfitzner accepted public plaudits and encomia from the Nazis whilst privately affecting

his evening BBC2 screen

lutionar

The Opernhaus Zürich contempt for them. Yet he had has done a brave and become a sour, blinkered reactionary long before the 1980s, and probably disdained Fascism because it was too modern, plebe-

isn and vulgar.

If it is any consolation to some body, his Munich souse was: bombed out during the war, and after the German surrender both Pfitzner and his music were unceremoniously shunned during his long wait for "de-Nazification". His last years (80 when he died in 1949) were spent in

With Die Rose (1901) - only his second opera, long before Palestrina - Zürich has striven to do him new justice; albeit in a David Pountney production which doesn't conceal its distaste for Pfitzner's whole conception. Pountney has contrived a sensational staging with a new and different close, in Johan Engels' grandly looming sets, more like Lang's Metropolis than any neo-



The venturesome knight. Stegnot, attended by Minneleide and her handmaidens in David Pountney's new production for Opernhaus Züsich

everything Pfitzner revered. The "story", really too airyheiry to recount, takes the form of a pageant: a pre-Raphaelite ballet, or a "pantomime" in the old sense. The venturesome

Gothic fantasy. It is less an Francisco Araiza in heroic form -"interpretation" of the opera bappens upon a vernal celebra-than a truculent critique of tion in the Garden of Love. Pountney makes that a party of top-hatted, decorous businessmen (some on high-rise skates and other bizarre devices), who pay grotesque obeisances to one another while ritually constructknight Siegnot, a lusty tenor - ing a model city, pure Fascist

up to survey it.
But after the long Prologue,

Love takes its way in Act 1. Siegnot is now enamoured of Minneleide (Stephanie Friede, who tapped more and more strengths as she built her performance: terrific), a highly eroticised maiden

architecture; Fittler himself turns of the real world. At a crucial. moment she refuses to face it, which results in both her and her handmaidens, with Siegnot himself, being consigned to a rude mountain-world - here, the huge

boiler-filled cellar of some factory

- for Act 2. There the "Night-Magician" who yet fears the blinding light reigns (bass splendour from Rolf

Haunstein), much like Wagner's Alberich over his army of dwarves. Suddenly the music, until now in Pfitzner's Romantic vein - mostly slow and ruminative, with lots of rich, wayward cello-counterpoints strange, especially at the start and the finish: slow, short, even notes for flute and tuba in no tonality, "modern" in immediate effect but backed by no consistent plan or system. But interesting, certainly . . .

Nasty things happen to everybody: especially to Slegnot, who gets killed. In Act 3, back in the Liebesgarien, Pountney refuses to have him miraculously revived as in the text. Instead he remains irretrievably dead while Minneleide discovers a miraculous new freedom, presumably feminist, guided by the voiceless Stone Maiden (Dana Kimaru) who dances prettily around her.

The conductor Franz Welser-Möst lets us hear why Pfitzner's score could have seemed a cornucopia of warm Romantic invention and arresting Modernist ideas, way back then. Now, I think, the "modernism" sounds guessy and intuitive, alternating with lush, heartfelt stuff from a composer whose heart was always in the 19th century. James Grün's libretto is unpalatably queasy. After the first half (an hour and three-quarters), some of the audience went home: the Zürichers who stayed the course, however, applauded a grand effort very warmly.

tinues in the Zürich repertory untii January 16.

the fifth and final episode pea, or Poppea as they have been calling it. As in the previous episodes over the last four evenings, there is plenty to look at. worthy of Bridget Riley. The rest of the sets, and many of the costumes, are in vivid primary colours: sunshine yellow, royal blue, grass green. There are two chaps in drag: Arnalta because, well that is just the way he is, with his large bosom and bald head he has a very striking appearance; and Poppea's original lover, Ottone, because he

emperor. Nero, and kill him. The trouble is that Nero, having had a steamy affair with Poppes, is now proposing to ditch his wife and marry her.

has pinched Drusilla's clothes in

order to try to get close to the

In other words, it is a pretty typical bit of television serial drama, and that is precisely the way that producer Fiona Morris and director Margaret Williams have treated the Weish National Opera production of Monteverdi's final work. And have they pulled it off? So far as it is possible, I think they have. The only prop was a sofabed. Finally

Serial opera gets the nod One of the sets is a dazzling geo- are with the televising of any create the opera from scratch, production. For instance, if a metric design in black and white, opera. There are three ways you using all the techniques made pos-

cameras to the opera house and point them at a normal performance. For viewers at home this can result in very small figures bashing about in the murk because, unless you light the opera house specially, the candlepower will be too low for television, and the staging will force you to remain in long shot much of the time, producing figures which look minute on the small screen. Then you can bring the opera

company into a studio, or a hired theatre, and shoot an existing version, but specially arranged for television, allowing you to exploit close-ups, and groupings quite different from anything on a theatre stage. That is what Morris did for Poppea. She hired the Lyceum in London and Williams achieved some remarkable effects, even though, for much of the time, the

can go. First, you can take the sible by electronic cameras mixes, dissolves, morphing, whatever. One of the most memorable examples was Jean-Pierre Ponnelle's Madama Butterfly, but it is significant that that was made more than 20 years ago. The technique is hideously expensive, and you still get minority audiences.

Television/Christopher Dunkley

Poppea poses even bigger problems than usual being nearly as old as a Shakespeare play. Premiered in Venice in 1642, it represents a staging post between the old allrecitative court entertainments, and the fully melodic modern opera. Nobody is going to switch on Monteverdi for his wonderful, hummable tunes as they might for Puccini or Verdi. So the television producer who wants anything big-ger than the established opera-go-ing audience (which, by television standards, is tiny) has to work like steam on details other than the

notice what she is saying, the standard technique has been to shove him back on a sofa, hoick her skirt up to waist level, and get astride him. It certainly seems to work.

ext month Channel 4 will screen The Real Don Giovanni, a production which pushes the principle even further. Producer Paul Sommers says "It's clear that anything to do with opera is a ratings disaster on television", so he and writer/director Rupert Edwards have created a bizarre concoction involving operatic performance, television documentary, and television melodrama. Thoma Allen sings some of the most famous parts of the Mozart opera. supposedly during a performance in Prague, but also "investigates" the connections between Don Giovanni and Casanova, and becomes music. Thus, Poppen has been in personally involved in a nasty any terrestrial network tries any

ing to see whether the drama and documentary content do pull in a larger audience, or whether the Mozart content limits figures to the usual low rating expected for

At least people are now trying. All too often in the past, television has fallen back on the use of one famous opera singer, frequently delivering "crossover" material. On Christmas day Channel 5 brought us Bryn Terfel singing "It Might As Well Be Spring" and "If Ever I Should Leave You". This was just the sort of material which also featured alongside famous operatic arias in BBC2's recent series Lesley Garrett Tonight. It came as no surprise to find Garrett singing "Three Little Girls From School" with actress Patricia Hodge and drag queen Lily Savage (who now appears to have a contract requiring appearances on all programmes other than the Nine O'clock News and

The Sky At Night). Opera gets no easier for televi-sion. The only place you can now regularly watch conventionally screened productions is the valiant Performance channel, and that is available only to cable subscribers. So we should raise a cheer when

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Duke who was the king of jazz

Garry Booth looks forward to celebrating the centennial of the birth of the elusive, urbane genius of modern music

back pocket for something to write on. Harry reached forward and clicked on the interior light, filling the car with a pale glow that made the night and the road seem even darker than before. Duke hunted along the dashboard for a pen and jotted a few things in the oorders of a curling menu. He had written more hours of music than any other American and most of it began like this, scrawled on anything that came to hand: servi ettes, envelopes, postcards, cardboard ripped from cereal packets. His sheet music started out like ended up: original scores wound up in the bin as mayo-and-tomato smeared sandwich wrappers after a couple of rehearsals, the essentials of the music handed over to the safekeeping of the band's collective memory. From But Beautiful, by Geoff Dyer.

azz in 1999 will be domi-nated by the centennial celebrations of bandleader. composer and planist, Duke Ellington, who was born on April 29 1899 and died on May 24, 1974. There is so much to celebrate - few figures in jazz have left such an indelible print on the music. Not only was Edward Kennedy Ellington responsible for enduring popular jazz tunes like "Take The 'A' Train", his sophisticated use of tone colours, and a constant striving for symphonic quality in extended pieces, make him an icon of 20th-century music.

Ellington was a one-off. As a mony and tone colour over rhythmic drive. Even his song titles "Harlem Air Shaft". "Diminu-endo and Crescendo in Blue". He likened his technique to painting with sound, and once described his work as the transformation of memories into sounds. "I once wrote a sixty-four bar piece about a memory of when I was a little boy in bed and hearing a man whistling on the street outside,

Even when the band was re-running Ellington standards for the 100th time, no take would be the same

his footsteps echoing away," he once said.

Ellington often relied on his sidemen for inspiration and would use fragments of spontaneous improvisation from soloists such as the heroic altoist Johnny Hodges or trumpeter Cootie Williams as the seed of a new composition. Some of his most memorable pieces – "Lush Life", "Chelsea Bridge" – were written alongside Billy "Sweet Pea" Strayhorn, who toiled in the background from 1939 until his

It says much about the man that maintaining a 15-piece composer, he emphasised har- orchestra added to the creative process rather than detracted from it. Ellington's orchestra was read like a catalogue of modern not so commercial as the Dor-

"Lights", he said, graping in his art: "Solitude", "Mood Indigo", seys' and Shaw's; and, unlike many of his swing band leading peers, he was not an autocratic disciplinarian. He rarely changed his line-up, and, as a result, could subtly intimate musical direction from his place at the keyboard. Even when the hand was re-running Ellington standards for the 100th time, no take would be the same. "It's one thing for a soloist to improvise differently every night, and quite another for a leader to tinker unceasingly with proven arrangements," the jazz writer Gary Glddins pointed out.

Sheer quantum restless, creative energy also set Ellington apart from his peers. He was rarely off the road, and yet wrote continuously: he pushed back the barriers of jazz composition from the passenger seat of the Impe-rial driven by long-serving saxo-phonist, Harry Carney.

He developed the jungle style, a daring exoticism characterised by the growling trumpet of Bub-ber Miley, playing the Cotton Club of the late 1920s. With "Creole Love Call" around the same time, he pioneered the use of the voice as an instrument with Adelaide Hall

After the pastiche of "jungle", he was the first bandleader to incorporate genuine Afro-Latin influences in his repertoirs, starting with "Caravan", an example of proto-Cuban jazz taken from his trombonist Juan Tizol. Later, far-ranging tours provided the stimulus for great works, such as "The Far East Suite" written in the 1960s or the "Liberian Suite" commissioned by the state for its centennial cel-

Ellington painted on every size the rhapsodic "Tone Parallel To of canvas and in every shade. His Harlem", via the oratorio "A



Bundleader, composer and plantst of constant reinvention: Duke Effinator

idea of writing "concertos" for soloists was quickly picked up by other orchestrators. "Black, Brown & Beige", his commentary on the progress of black people in the US, was a revolutionary attempt at jazz in extended form. In this and other longer works, Ellington succeeded in keeping a jazz feel to closely written music. His artistic reach, in jazz terms at least, was breathtaking: from

Drum Is A Woman" to the European sounding Shakespearian suite, "Such Sweet Thunder". Even without touching on his numerous intoxicating blues variations or his small group

canon of work, anyone planning a centennial celebration has a bewilderingly vast legacy to pick Both big London halls are

pushing the bost out. The South Bank Centre's We Love You Madhy project at the end of April

tro Metastasio in Prato. Italy to play solo Ellington in February, and US saxophonist David Murray takes a mighty brass orchestra on a tour of Europe to play darker, more obscure ducal works. Ellington heard through Murray's turbulent arrangements promises to be one of the high-lights of the festival season. The band's itinerary is not confirmed, but rumours persist that Brecon

tion from Ellington's Cotton Club

era, while Jessye Norman completes the picture of Ellington as a fully rounded composer with a selection from his "Sacred Con-

The anniversary has stimulated some intriguing shows elsewhere in Europe: the cult French nianist Martial Solal has been teased out of hiding by the Tea-

mid-August, are pencilled in. Cleveland's January Tri-C jazz fest hosts one of the richest Ellington oriented programmes in the US. Everything Ellington covers all aspects of the man's art from film to painting, with musical highlights involving original Ellington personnel including the Duke's favourite drummer Louie Bellson and Count Basie singer Joe Williams,

Jazz in Wales and Jazz i Marciac in the South of France, both in

But the diehards should head for Washington, Ellington's birthplace, and Ellington '99, the Seventeenth International Duke Ellington Conference at the end of April. As well as an orgy of discourse and live performance in the Library of Congress and Washington National Cathedral, for example, delegates can take a bus tour of Ellington's roots and according to the official programme, come home with a limited edition bust of the great man in bronze or ivory.

promises Ellington on film, vari-ous concerts and pianist Stan Ellington insiders are likely to view the commemorative preparations with trepidation. Unlike Tracey who, with his magnificent big band featuring saxophonists the popular composers of jazz's John Surman and Peter King. golden era - Porter, Gershwin. will take a characteristically Rodgers - whose music now skewed look at the Duke's music. seems designed to be reinter-Trumpet virtuoso Wynton Marsalis and opera diva Jessye Norpreted, Ellington's constant reinman will pay their tributes to vention presents arrangers and Ellington at the Barbican in improvisors with a problem: how June. Marsalis and the Lincoln to accurately pin down the elusive, urbane genius of modern Center Jazz Orchestra kick off

The human face of architecture

Sir Norman Foster talks to Victoria Griffiths about his award-winning approach to public spaces and buildings

steel-and-glass creations are, Sir Norknown for warm architecture. So it came as a surprise to many when Harvard University recently honoured the British architect with its annual Award for Urban Design, and praised him for his humanistic approach and contextual skill.

When we think of great public spaces, historic ones often come to mind - the great plazzas of Italy, or, on a far smaller scale, the old "main streets" of American villages. US designers who call themselves "new urbanists" have tried to recreate this sort of space in places such as Seaside in Florida, where nostalgic houses surround a traditional town

Foster's skill in high technology design may have attention to themselves: obscured, until now, a fresh and creative way of approaching urban problems. "Perhaps Foster's urbanistic performance has slickness of his work belies remained unacknowledged because of its modernity." says Rodolfo Machado, a respect the existing city. Harvard professor who served on the jury.

In handing Foster the award, the Harvard jury is ter discovered that the origisaying that modernism and nal design included an old urbanism can go hand-in- courtyard that had been

s beautiful as his hand. Machado, in fact sharply criticises the "faux coziness, the studied disorman Foster isn't der or condescending warmth one usually finds in those public places whose designers set out to produce a more 'humane' environ-

> t is one thing to look down upon the nostalgia of new urbanism in the US; it is another, however, to view Foster's buildings as edifices that strive to blend in with the existing city. Foster's buildings don't appear to want to fit in. If anything, they seem to treat their surrounding The very height of his Hong Kong Bank skyscraper in Hong Kong, the Commerco Bank tower in Frankfurt. and the communication tower in Barcelona call their glass facades seem an advertisement for functional-

Yet Foster says the clean his desire to track down historical references and When asked to re-design parts of the British Museum in London, for instance, Fos-

filled in with a library in 1780. In the new British serted the courtyard though, this time covered with a steel and glass canopy - and calls it a great public space that will be open outside regular visiting

Similarly, in the Reichstag in Berlin, Foster meticuers of the building in an attempt to find its soul. The Reichstag had been badly while the façade remained in place, the interior was essentially a 1960s building. "But politicians working below.

sel of symbolism of the Kaiser's authority"; instead, Foster opted for a viewing platform for the public above - symbolic, he explains, of the people's power over the

Foster is keenly interested in human behaviour and the way people interact in public spaces. In studying a new plan for central London to make it more pedestrianfriendly, Foster followed

Radio/Martin Hoyle

Good will with surreal elements

people out of the Trafalgar Square tube station to see where they ended up. He noticed that while many were tourists buying food for hurry to get to work. And the reason tourists were darting illegally into traffic to reach the centre of Trafalgar square, he found, was because from that spot they

card shot of London. Foster is keen to accommodate the quirkiness of human behaviour while trytures? Let them, he says, but close off, but to open up; his

build pedestrian access so they can do it without risking their lives - and resident Londoners can still get about

Foster loves throwing urban validity of his own people of different backgrounds together in public spaces, which is why so many of his projects - even the most private, such as the Commerce Bank in Frankfurt - include free access to cafés, information booths, exhibits and displays,

of elitism that makes him a great urbanist. His glass structures are not meant to

skyscrapers not designed to block out the sun to those on the street, but to let it reach workers inside.

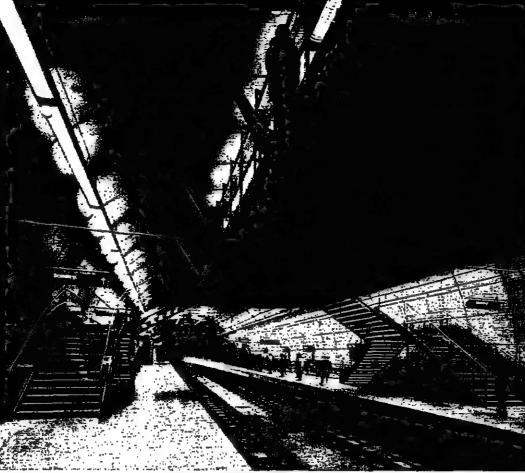
While he defends the

work, he admits that compared with the great challenges of huge urban centres in developing countries -some of which include slums with populations of millions little. "No one person can address spiritual and physical poverty around the world, but we can all do our best in our own way," he says. "That is what I'm trying to do.'

wasn't worth the effort.

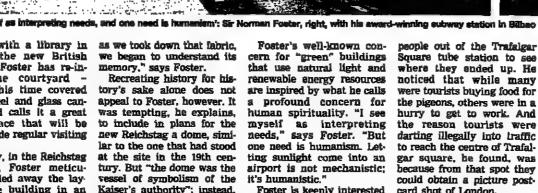
Radio 3's Private Passions

MEN











"Circus for people who don't like discuses". TIME OUT

ir Edward Heath marked the season of good will with a wob-Asked on Today why he had not pleaded the cause of China's dissidents with the fervour he devoted to persuading Beijing to grant access to Richard Branson's balloon. the elder statesman, possibly piqued at being referred to as "Sir Richard Heath" by a ader the day before, said thank you and goodbye (or the equivalent) and hung

The event was as relevant to Christmas as most of the airwaves' festive offerings, many of which reached your critic through the dreamily distorting filter of knock-out Apartheid; her mother's rubbish-heap. She talks to flu. In retrospect the faintly surreal element to holiday broadcasting started with the headlined bombs aimed at Israel from diehard Palestinians in the Lebanon. In

hard to hear some reference still under its Nazi-era cloud. lected over 50 years. "Is it the schoolboy howler that to the raid being in retalia- But the series' idea is a because you're interested in malizia is Italian for malice to the raid being in retaliation for Israeli bombs killing good one. I am less sure of a woman and six of her chilthe mileage in Music Rooms. dren, an item considered Natalie Wheen does a Loyd patently un-headline-worthy. Grossman, describing - well. Worthier, but still disturba music room. On Christmas ing, was Gillian Slovo's con- Eve she called it a music tribution to Music to Die For room several times, on one (Radio 3, Christmas Eve). wildly eloquent occasion even expanding into "a room

She spoke movingly of her father arriving in South for music". Another favour-Africa as a penniless Lithuanian immigrant; of her parents' campaign against makes the place sound like a death by letter-bomb, her father's exile and trium- listener guesses who our phant return. And the music host is. The distinguished that summed up her theme? Carl Orff's Carmina Burana. that rollicking old stick-it-

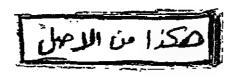
Paganini?" asked Wheen. Lord Menuhin (for it was he) concurred with the restraint of a peer and a gentleman.

ront Row got off to a glumly incestuous survey of the old year's arts scene. The programme consisted of electronic mediafolk talking about the electronic media (film censorship, Jeremy Paxman, film directors). A Spice Girl said she liked really really bright colours. Another liked a Spielberg musician concerned had a film of whose title she was wall devoted to Paganiniana unsure. On Desert Island

when talking of a piece by Walton marked con malizia. It means of course "mischief", something the composer was an expert in, especially with the not over-informed British establishment. How sardonic he

would wax today, Of the specifically Yuletide offerings, Radio 4's Christmas Panto on the day itself was pretty awful. Jokes against Radio 5 Live sound singularly ill-advised coming from this quarter, though the script got into its stride with "slimy cold-blooded lizards" called Birt and Yentob.

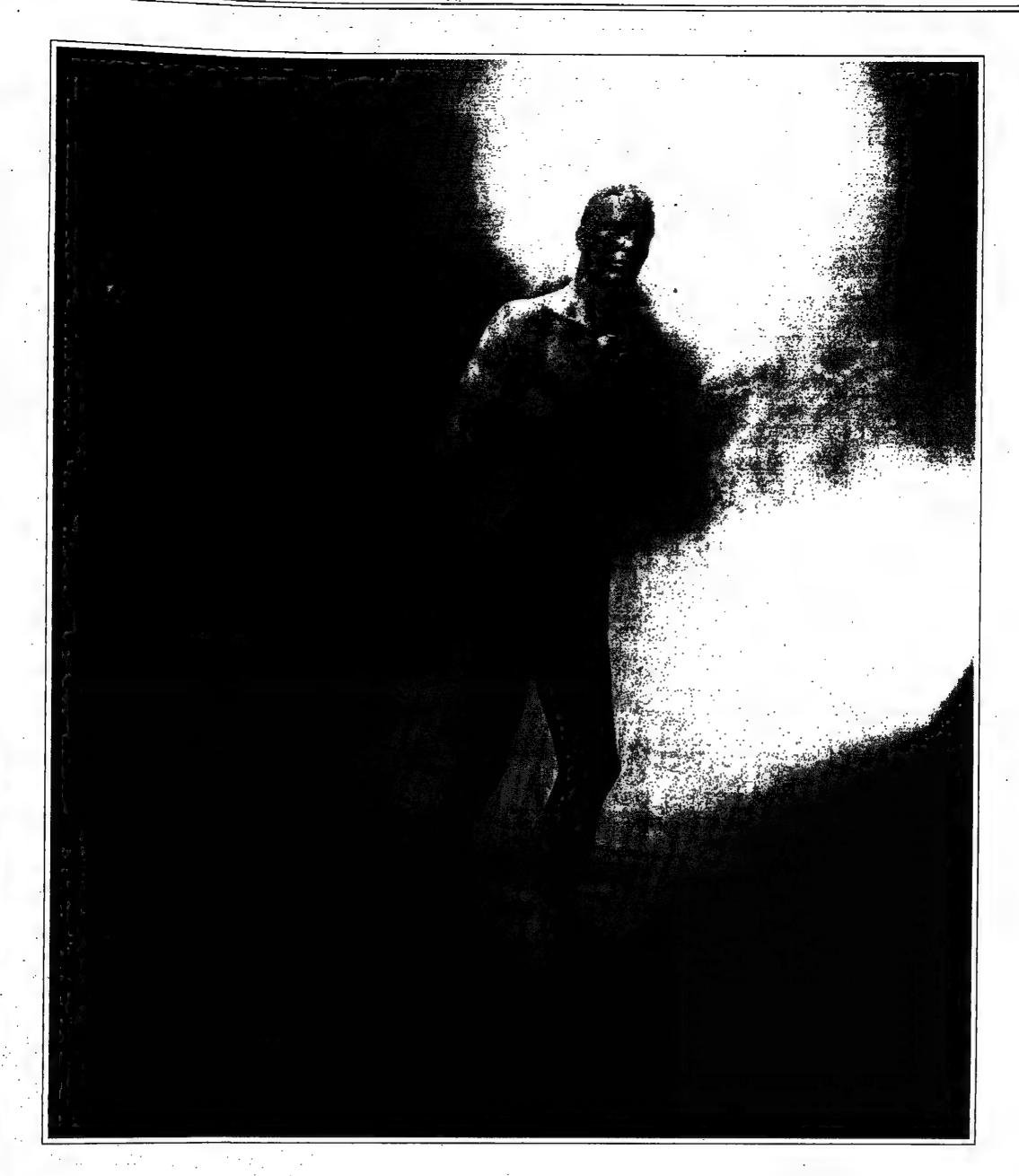
tried to repeat the success of the 112-year-old percussionist recalling Brahms and Clara Schumann in between racing tins. That, it trana jape with Michael Berkeley. Boxing Day's interview was with a Latin-American beauty, widow of a titled British diplomat (among others), with a distressing pasal condition, contacts in Colombia and an obsession with white powder. This, like the basic joke, was laid on with a trowel. Sessions was in one of his not-bothering moods. not even pretending to sound like anyone except John Sessions (too much of his TV show Stella Street has proved as boring for him as, ultimately, for us), and the jest fell flat between every possible stool, ending up in - sketches, flyers, posters, Discs Sue Lawley and David Poor Maureen Lipman the detritus as Natalie Wheen would say.



ite Wheen word is "detri-

tus", rather oddly, since it

the unnamed owner and the



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How to Spend It

ince the early 1970s have had the great privilege and pleasure of editing and (mostly) writing these pages but this is the last time I will fill this particular

It has been a fantastic experience, a time during which the my astonishment there was as Financial Times has grown from heing virtually an insider's paper for the financial and business world into an international newspaper which stretches around the world.

I started writing and editing what was then a single page in the Saturday edition of the Financial Times, Today How to Spend It and fashion are part of a separate Weekend Section, always embracing at least two pages. Every month there is the colour magazine, launched with and Spencer. much trepidation on a wing and a regular winner of awards and an established part of the Weekend FT package.

I arrived at the FT knowing little about business and even ers of frocks into the modern

I never wanted to do anything else

Lucia van der Post marks her retirement with recollections from almost three decades at the FT

much drama in boardrooms as on any theatrical stage. I have seen battle lines drawn, blood spilt, victory celebrations held

and losers licking their wounds. Over the years I have had the opportunity to interview many Bernard Arnault and Johan Rupert, the South African media baron, to the restaurateur Sir Terence Conran and Lord Stone of Blackheath, a pillar of Marks

I have interviewed some of the sace. Calvin Klein, Karl Lagerhave seen them turn from mak-

less about money and found to equivalent of renaissance princes with their multiple homes, their palazzi, yachts and private jets.

I have seen small companies grow from a glint in some entrepreneurial eye into great interna-tional conglomerates and helped some a little on their way. I have seen companies that were almost great entrepreneurs and businessmen - ranging from LVMH's larly Gucci - reinvent themselves and rise brilliantly from

More sadly, I have watched helplessly as others have staggered remorselessly from great heights to pitiful lows, unable to find the key to raising themworld's most successful clothes selves up again. I have had more designers - Giorgio Armani, Verhas been good for the waistline feld, and many, many more. I and seen more places than I ever dreamed I might.

what to most of us would seem a accounting ways, seemingly content to make something as well and as beautifully as they knew

I have loved seeing energetic young people turn a bright idea into a successful company. It was fun trying to be the first to spot them and bring them to your notice - people such as Jo Malone, now a name to conjure with in the world of lotions and founder of the White Company, and Dawns Walter who had the bright idea of trying to solve the world's storage problems. All these - just a few among many and now have a solid niche of

pittance, scarcely ever costing has been the dialogue with you, their time, ignorant of smart, the reader, the letters you have written from great city centres and from the most remote and lonely places.

There was the memorable time, in the early 1960s, when a reader suggested we change the title of How To Spend It (he found it not to his taste) and you wrote in your hundreds, ready to defend it to the end. As one reader put it so pithily: "Those who prefer to save it are only saving it in order to have more to spend in the end. At least it's

groups I planned and led - what a pleasure they were. So many of you wanted to come we had to devise complicated schemes to allow would-be asiari goers from

Hong Kong and Ulan Bator to stand as good a chance of coming along as those from EC1.

With the lucky readers we wandered the remote desert lands of the Kalahari, saw bushmen paintings in the Tsodilo Hills, the chimps in the Mahale Mountains, the rare water cobra writhing in the waters of Lake Tanganyika, tracked rhino in Zimbabwe, elephants in Tsavo and walked long days along the Galana river.

As you will have gathered, it has never been dull. At times it has been searingly hard work (yes, 'truly) but there was not a moment when I wanted to do anything else.
I will not be disappearing from

the Financial Times completely - you will see my name and writing from time to time. But from next week Holly Finn, with whose writing some will already be familiar, will be in charge of these pages. I wish her as happy a time as I have had and hone

Boom time for the therapies that soothe

Karen Wheeler surveys complementary treatments commended by beauty editors

booming. From ology to more rarefled treatments such as rolfing and zero-balancing. many of us are turning to these to cure stress, aches and other maindies.

Beauty and health writers are among the strongest treatments can ease specific complaints or enhance general well-being. Having tried many treatments as part of their work, they know the best therapists.

"Many of these theraples are now almost mainstream," says Newby Hands, health and beauty director of Harpers & Queen. "But some are more credible than others and I would say, Forget the wackier ones such as aura mossage as they are a complete waste of money'.'

Whether you want to nique or boost your health by better diet, here are the therapies and therapists industry insiders swear by.

■ Reflexology: Virginia touch". Whetter at the Life Centre.

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therapies are Tel: 0171-221 4602. A onehour session costs £40. Home and hospital visits by special

> Among health and beauty writers, reflexology is probably the most popular of all the alternative therapies. It is said to help combat stress, constipation, headaches, nausea, and repetitive strain injury and is also good for multiple sclerosis sufferers since it stimulates nerve

"People love having their feet touched and I am a one of the most highly rated strong believer that happy of all complementary therfeet make for a happy person," says Josephine Fairley, beauty editor of the Mail on Sunday. "Of all the therapies that I have this is the one that has the most beneficial

Virginia Whetter took up reflexology full-time six years ago after it cured her own sinus problems. She is improve your posture highly rated by Carmel Allen, beauty editor of Vogue; health writer Sarah Stacy: and Newby . Hands, who says "she gets very and she has a very gentle

omplementary 15 Edge Street, London W8. ally "spookily accurate". according to one beauty writer. Street at Michaeljohn (tel: 0171-629 6969) who has a "strong but gentle presence", according to Newby

> Alexander Technique: Noel Kingsley, 21 Harcourt House, 19 Cavendish Square, London W1. Tel: 0171-491 3505. A 40-minute session

Alexander Technique is apies. It can help improve posture co-ordination and performance. It is based on the concept that if you free up the neck, the rest of your body and mind will follow.

You remain fully clothed while the practitioner gently manipulates head and neck and teaches you a practical method to improve posture and body alignment. You feel lighter, looser, more and confident after a session. It is particularly good involved with her clients for back pain, neck and shoulder tension, breathing disorders and stress.

Noel Kingsley is highly rated for his unique approach, which sometimes incorporates elements of reiki and hands-on healing to help improve emotional balance. His clients include actors, musicians and business people as well as jour-

> M Nutritionist: Anthony Haynes, 89 Bryanston Court, George Street, London W1. Tel: 0171-723 3788. The first consultation costs £70: £42 for the follow-up. Jane Clarke; 29-30 Frith Street. London W1. Tel: 0171-437 3767. The initial one-hour consultation is £90; follow-up

nalists and beauty writers.

half-hour consultations £45. The health and beauty fraternity believe that what you put in your mouth has a big impact on your wellbeing: and many regard consulting a nutritionist regularly as an important part of preventative health care. Opinion on who is the best ractitioner is split between Havnes and Clarke.

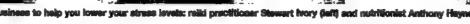
Josephine Fairley's vote goes to Jane Clarke, whom she considers "very downto-earth and extremely real-

Anthony Haynes is also ery highly regarded. 'Anthony is very knowledgeable but down to earth and he uses all methods of diagnosis from iridology to testing the levels of stress hormones in your body." says Karena Callen, health and

beauty director of Red. A youthful 33-year-old. Haynes is quick to build a rapport with his clients. Eighty per cent of those who







consult him have digestive troubles. Lack of energy is the second most common

Honourable mentioner Pot-

rick Holford (tel: 018f-877 9993) is "very jolly and bouncy and particularly good with youngsters," according to Sarah Stacy. Newby Hands rates the Institute of Optimum Nutrition (tel: 0181-877 9993), which charges £50 for an initial consultation, and £30 for the

Rolfing: Jennie Crewdson. c/o Rolfing UK. PO Box 14793, London SW1. Tel: 0171-834 1483. A 90-minute session costs 260. Judith Roberts at Violet Hill Studies, 6 Violet Hill. London NWS. Tel: 0171-381 8324/624 6101. A one-hour session costs £75.

Rolfing is a form of deep massage that realigns the porting the muscles and bone. "It is quite simply a brilliant therapy since it works at a very deep level and brings noticeable results," says Newby Hands. Rolling not only irons out shoulders but can free the

body of emotional blocks. There are only eight full-time rolfers in the UK so regarded in the UK is Jennie Crewdson, who works from her tiny Pimlico flat and has a two-month waiting list. "Jennie completely changed my back, breathing and posture. She got rid of lots of niggly aches and redressed 13 years of ballet," says

Newby Hands. Many rollers work in con junction with a psychologist: 40 per cent of Crewdson's clients want to resolve emotional issues. The remainder are seeking to alleviate pains in the shoulders, neck or back or improve posture.

Judith Roberts, meanwhile, claims amazing results, including a famous pianist who regained the use of his right hand (damaged Roberts' treatment is reput-

■ Chinese medicine/acucture: Song Ke, 10 Harley Street, London Wl. Tel: 0171-467 8300. The initial consultation costs £55, follow-up consultations £35. Acupuncture costs £40; Chinese herbs, if prescribed, cost \$40

Many health and beauty writers awear by Chinese Song Ke, who is also affiliated to the Brackenbury Natural Health Centre in west London. Ke looks more like a conventional doctor, sured to find he is fully qualified in western medicine (and counts several consultant physicians among his

"Dr Ke is very knowledgeable and can rationalise rather opaque theories about using acupuncture. for example," says Sarah Barclay, beauty editor of Wom-

At a consultation Ke takes a background medical history, asks questions about agey". (It came about after a

your diet; and may also do a tongue diagnosis. He can tell a huge amount simply by looking at your eyes and skin. "I can tell instantly if somebody has too many toxins in their blood."

Zero-balancing; Jeff Lennard at Natureworks, 16 Balderton Street, London This is a simple yet powerful hands-on treatment designed to balance body health and beauty writers.

energy and structure. Invented in 1975 by an Amer-■ Reiki: Stewart Ivory, 78 ican physician, Fritz Smith, zero-balancing has been described as "therapy with-Tel: 0976-653213. A one-hour out the talking and massage without the undressing".

It is an unusual form of involving energy transfermassage involving finger ence through the hands, is pressure and held stretches. said to treat mind, body and done with the client lying soul and is good for insomfully clothed on a couch. It nia and stress as well as makes no claim to cure seri-ous disease but, according to bowel syndrome and practitioner Jeff Lennard. "the name causes problems because it sounds a bit new

Stewart Ivory - who works barefoot wearing a toe-ring but is in fact quite

Wigmore Street, London W1.

Reiki, a Japanese therapy

session costs £45.

session where somebody down to earth - is the declared: "I feel really balbeauty editors' choice. anced; I feel zero-balanced.") "Stewart is very powerful Like Alexander Technique, and has real healing abili-

it can improve physical and ties," says Newby Hands. You lie fully clothed on his mental function as well as purple couch, while he sets promoting feelings of well-being and optimism. "It to work. His hands hover over your face, then touch it is a bit like the feeling you get when you have cleaned gently before moving to your up a room or organised neck and head, with the things in a clearer way. You paims of his hands cumping feel more grounded and your chin and the sides of more centred," says Lenyour face. nard, highly rated by Karena He then works down the Callen and several other

body, his hands lingering over an area where he has found a problem. The touch is minimal, gentle and soothprofound relaxation to a background of flute music.

Honourable mention: Kundan Mehta at the Eastern Health And Beauty Centre. Kundan Mehta provides

uncannily precise diagnosis. "She told me I had a knee problem and suffered from migraines - both were absolutely accurate," says one 4.

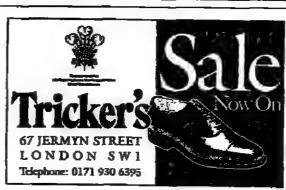
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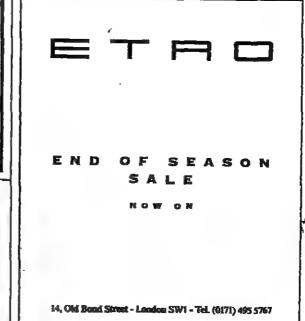
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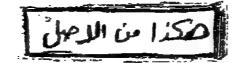
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HOW TO SPEND IT



To sleep - perchance to vamp

'Pyjamas are now by far the smartest form of negligée.' So said Vogue in 1924. Brenda Polan can only agree

yjames come in two kinds: cosy and cool. Cosy is striped flannel, winceyette or Viyelja. It is brisk, practical and no-nonsense. It goes with bedsocks and balding chenille dressing gowns, cocoa and a good book. It is gutsy, wrong-righting, hockey-stick-wielding, dorm-feasting Angela Brazil heroines who grow up to ride to hounds, breed labradors. chair the bench and run the Women's Institute.

Cosy is not, however. unattractive: As Claudette Colbert first showed us in It Happened One Night in the 1930s, when the plot pro-pelled her into Clark Gable's well-pressed and chappish jimjams, it can also be cute - but only, perhaps, in full make-up and soft focus.

Cool pyjamas, on the other hand, are never cute. (It is necessary to make clear that we are excluding aberrations such as the 1920s all-in-one sleep suits and 1960s baby dolls from the category. pyjama.) Cool is silk satin, georgette or crèpe de Chine. It is sensuous, languorous and possibly up for nonsense. It goes with spike-heeled mules, tailored cashmere dressing gowns and champagne night-caps for two. It is what the more dan-

gerous romantic heroine that she had superb legs. wears to befuddle any pass- Almost single-handedly, she wears to befuddle any passing male with irresistible thoughts of bedtime.

It is Greta Garbo, who wore hers under a satindressing gown cut like her alemature trench coat. It is Bette Davis in Now, Voyager. a cigarette (lit by Paul Henreid in that so seductive twoat-once way) emphasising every gesture of her carmined fingertips. It is Joan Crawford, who rather gave the game away by wearing shoulder pads in hers. For, of course, the appeal of cool pyjamas is much the same possibly more so - as that of

trousers: cross-dressing.

So, most of all, cool py-jamas are Marlene Dietrich. Famously, and for comfort's sake, she always changed into oversized satin pyjamas as soon as her front door closed behind her. More important, however, from the moment in the late 1920s when, exploring the caberet scene in Berlin, she decided that only transvestites knew how to flaunt a garter, she made the gender confusion and sexual provocation inherent in cross-dressing

her passport to stardom. Although bisexual, Dietrich's decision to wear trousers, especially a tuxedo, whenever possible, had much to do with the fact

moved the moviegoer's erognous zone of choice from the cleavage downwards. A bifurcated nether garment always concentrates attention on the join - one reason why mothers and moralists through the centuries and in more cultures than not have

insisted on capacious skirts

. But not in all cultures by any means. Pyjamas came to western dress by way of India and Persia, where loose tronsers and tunic were worn by both sexes. Victorian imperialists (mostly male though some women did wear them) imported the babit of wearing them to sleep in around the 1870s, and although pyjamas grew steadily in popularity over the next few decades, they did not really challenge the nightshirt

until the 1920s. In the aftermath of the first world war, a new softness entered the male wardacceptable for men to wear

far the smartest form of negligee." One can only guess at the pulpit-thumping this inspired, but in 1925 Vogue

> wore hers under a satin dressing gown cut like her signature trench coat

Greta Garbo

grumpily stuck to its guns. "Vogue is not over-emphasising a fancy of the hour," it snarled, "but is giving fair notice of a new mode that is starting on a long career. Sleeping, lounging, Lido

"Pyjamas," declared pyjamas are definitely ies. In fact, many only ever Vogue in 1924, "are now by accepted articles of informal owned one nightdress, the apperel." But then the editor lost ber nerve. "Vogue has spoken often of this somewhat bizarre mode, and now again the pyjama is pres-

> At that point the whole principle of women wearing trousers was the subject of beated argument. Its opponents were rightly alarmed. They funed about immodesty but what really rattled them was the challenge inherent in women appropriating "male" dress. In public, the trousered woman embodied a subliminal act of aggression, a subversive swipe at the foundations of society. In private, in pyjamas in fact, it was titillating, hard-to-get, nicely (as Die trich knew) disturbing.

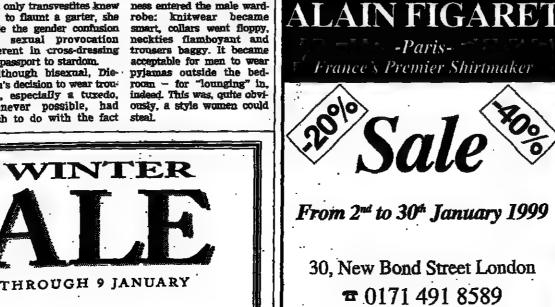
In the decades which followed, more and more women, for whatever reason, preferred pyjamas to night-

As women's night attire, in an old and saggy T-shirt, pyjamas began a long has rather done for both one bought, with matching decline in the 1950s when the "femininity" of the New disphanous dressing gown, Look combined with nylon for her traditional wedding night. Most wore practical to promote a nightle revival. garments, tailored shirtlike Girls still wore their PJs - of in crisp cotton for summer. the cosy variety - but

warm flannel for winter but longed for the day they many were in allk or silkwould graduate to their first imitating rayon and rebra and nylon nightie. And, flected their oriental origins although silk pyjamas have in brightly printed silks with had their periodic revivals, mandarin collars and frogthe prolonged fashion for fastenings instead of buting but my Chanel No 5"), or

nightie and PJs. But fashion designers still love them and, valiently, still design them. But then fashion designers tend to be the kind of people whose adolescence was spent not

going out to play in the sun-shine but, instead, slumped in a darkened room watching reruns of Garbo, Davis, Crawford and Dietrich emotsleeping in the buff (Noth- ing in flickering black-andwhite and silk pyjames.



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wants the up stem of the tor. Scent B. From Factoryville, Pennsylvania, a portrait she said she would pre- freiend.

🖣 he Financial Times's

business or pleasure resurfaces next Saturday when

full details of the FT's 1999 lunch promotion will be published in

FT Weekend. There will be sig-

"Lunch with the FT".

ity and value for money.

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sociation with a good lunch - whether for

Bigger and better Lunch with the FT

Nicholas Lander outlines the quality-enhancing changes to 1999's promotion

ing - particularly in London -

have changed all that. It is per-

haps no coincidence that since late autumn we have received

more calls and faxes than ever

before from restaurateurs want-

As well as encompassing the best value restaurants and the

widest geographical spread, the

marketing department has been

ing to take part.

nificant improvements on previbeen hard at work to ensure that ous years. Notably, the name has this is the case. Initially, they drew up lists of restaurants changed Although the FT was which had, on the basis of readthe first to coin the phrase "Lunch for a Fiver" it has now been copied by a significant 1998. These were not asked to renumber of other newspapers, restaurants and commercial apply. Then they built up databases interests. We felt it was time for

of restaurants which had opened a new look, particularly as time during 1998, concentrating espeand inflation have taken their cially on areas which have been So from this year the promounder-represented in the past, a list which was then reconciled tion will simply be known as over several weeks with letters The crucial price points - £5. from restaurateurs keen to par-

£7.50 and £10 - have not altered ticipate. By the end of the third week of December a master list came the end of the meal to Save the into being. Ensuring that each Children. But this year will see restaurant reached the right an increasing emphasis on quallevel of quality was essential. So this year, there are approxi-Since early September, the mately 600 restaurants taking

I was relieved to see this list because it meant the end of a great deal of rather tedious paperwork and a landmark en ers' reports, obviously given route to the more hedonistic grounds for disappointment in goal, enjoying plenty of good value lunches. But, most important. I was relieved because nine months ago I did wonder whether there was going to be a market for a sixth lunch promo-

> Such was the level of business in restaurants during the spring and the summer, and consequent gung-ho confidence of many a restaurateur, that I gave serious thought to changing the format. perhaps increasing the price points a little, to attract enough restaurateurs.

The consequences of restaurants' poor takings in August and early September, and the number of new restaurants opentrying to ensure you get the best

Our initial letter in early September asked restaurateurs not only at which price point they wanted to participate but also at what price they normally offer a two-course lunch menu during the rest of the year.

If it was not a big enough reduction we went back and asked the restaurateurs to reconsider. At the same time we have built up a list of the substantial discounts offered from their normal lunch menu prices and these range from a not insignificant 16 per cent to a mouthwatering 71

day - and this, too, will be a consequence of all that has happened to the restaurant business

The Financial Times is initiating two new cash awards. The first goes to whoever proves. over the four-week period, to be the UK's best waiter or waitvoted by you, the FT read-

A second cash prize will go to the restaurant team from which comes the best waiter or waitress, an award to be shared equally among the rest of the waiting staff. The biggest complaint among

restaurant-goers today is certainly about service, whether unfriendly, slow or downright off-putting. A great deal of this criticism is justified (although I There will also be one other know from my days as a restau-change - full details next Saturateur that members of the public can be difficult, too) but some of it has come about because of the current over-rated regard for the kitchen - and the

head chef, in particular. Truly great chefs acknowledge the importance of managers and

So in an attempt to turn the limelight away from the kitchen and on to the waiting staff, we have amended the FT questionnaire that is presented to you with the bill and the Save the Children envelope.

We are also keen to receive your opinions on such friendly, efficient, engaging and personable member of any waiting staff you encounter during an FT lunch via e-mail, fax or letter. Full details will be in next Saturday's paper.

One crucial ingredient of "Lunch with the FT" has not changed, however. The list of restaurants comes free with next Saturday's Financial Times. No coupons are necessary, no proof of purchase is required to make your booking.

Just buy the paper next Saturday - or any day over the following fortnight when an abbreviated, daily list of participating restaurants will appear - make your booking quoting the FT



A pair of pomegranates - and a recipe that won't give you the pip

Cookery

How to refresh jaded palates

Philippa Davenport has some stimulating suggestions for the final festive sprint

Only five days' feasting to go. The meditime mood is still juice from pomegranates some appetites are beginning to fall by the wayside now. Fur those now feeling faintly sated rather than teted, here are a couple of lighter, fresher and cleaner-

tasting suggestions to revitalise the tastebuds for the final leg of the festive sprint. These are colourful and sparkling fruit-based desserts that maintain the celebratory Christmas theme distilled rosewater.

without tyranny. POMEGRANATE ICE

WITH DAMASK ROSE

(serves 10) Sweet yet refreshing, simple yet extravagant, chilly yet cradling hand over a bowl romantic, and as red as

glasses by candlelight to maximise the glitter. Most people extract the

using a citrus squeezer, as This is quick but the bitter white pith is crushed in the process and I find this taints the taste and makes the juice cloudy. Retain the fla-

8-12 ripe pomegranates depending, on size and juiciness: 2-3 lemons: 180g sugar; 1 to 1½ tablespoons triple Cut the first pomegranate

in half. Hold one half loosely, cut side down, in one hand, spreading your juices that run from it.

Place your postegranateand but the skin of the fruit

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David A Baxter and Helen Gillespie-Peck invite you to join in their success. A a community you can where the caney and recently acquired in the Dordogne Must only one year, the wines are on the British market as well as quantities being sold on the French market. The first Côtes de Bergerac Rouge agod in oak hartely either new of I year old from Hant Brion in Bondeaux was bottled on 13 November last and will be available shortly.

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For more information. Contact Vinemasters Ltd., telephone 01803-380600 or fax 01803-292008.

This year's FT lunch promotion is not the only VINTAGE PORTSWANTED big food event of the year which is undergoing change. The organisers of Payment: IMMEDIATE this year's Glenfiddich Contact Patrick Wilkinsonawards, made for or Paul Bowker excellence in writing. publishing and broadcasting WILKINSON VINTNERS LTD on food and drink, also Fine Wine Merchan make some changes – most notably to some of the main Fax 0171 263 2643

The seventh day of Father Christmas's cloak, repeatedly with a large 1 tablespoon resewater. Stir Christmas has this is best served in small spoon or rolling pin, rather in the cold syrup and chill. more enthusiastically than you tap the top of a boiled

> This should loosen the glassy red seeds so they jump obligingly from their bitter creamy pith beds, and making machine following fall through your fingers into the bowl. Repeat with more fruit.

When eight pomegranates vour and colour using the have been thus prepared. method below. have been thus prepared. place a few spoonfuls of the glowing garnet seeds on a Gather the corners together, twist tightly, and wring and squeeze the parcel as hard as you can, holding it over a wide-mouthed measuring Jug or bowl to catch all the

When the seeds have been sucked dry of their juicy coating, open the buttermuslin and discard them. Repeat with further batches until you have 200ml of

Pour the measured juice on to the sugar in a small saucepan and warm gently. stirring frequently, until the sugar is fully melted. Set

While the syrup cools, tablespoons lemon juice and ing to table.

award categories.

There are two new

mixture and add extra lemon juice and/or rosewater to taste, then freeze the mix-

ture. Freeze it in an ice-cream-



the manufacturer's instruc-

Or freeze it in a chilled shallow plastic container with a lid, beating the mixture with a whisk or in a food processor at regular 11/2 hour intervals over a 4% to enough) and prick them with six-hour period to break up ice-crystals and give good texture.

categories - best television

personality and lifetime

contribution award. Radio

programme of the year has

been discontinued because

entries - a sad comment on

where would we be without

of the declining number of

the lack of contributions by

commercial radio to food

and drink issues. Indeed.

Spoon into small welland scatter with pomegransqueeze a further 500ml of ate seeds for added sparkle pomegranate juice. Stir in 4 and crunch just before bring-

COMPOTE OF CLEMENTINES AND PHYSALIS

This very pretty and full flavoured dish will appeal to those who relish the bittersweet peel and fruit effect of marmalade and appreciate whole fresh kumquats. Accompany it with lightly whipped cream (plain or flavoured with orange liqueur) and tuiles d'amandes or almond macaroons.

1kg small, tight-skinned clementines (add extra if there are fewer than 14 of them); 150g or more fresh physalis (Chinese gooseberries); 4 teaspoons triple distilled rosewater, 400g granulated sugar.

Melt 200g sugar in 1 litre water in a flameproof casserole or heavy pan large enough to take the clementines in a single layer,

Scrub the clementines (if unsprayed, washing will be a toothpick or larding needle in three or four places each. Slide them into the boiling

syrup, and add 2 teaspoons simmer. Cover with a tightgently for I hour or until perfectly tender all through. 200ml of coconut cream.

The Food Programme on

Wine and drink writer of

the year have reverted to

award-winning Philippa

Jill Norman, wine writer

Davenport will be a judge

along with food consultant

one category - that of best

Radio Four?

drink journalist.

FT Weekend's

Appetisers / Jill James

Turn the clementines over once or twice as they cook. On no account boil or the fruit may split. Lift the cooked fruit from the pan with a slotted spoon and pile them two deep on a shallow dish with a lip to contain the syrup that will be poured over them.

A glass or bright blue pottery dish look particularly good. Discard the slightly bitter cooking liquor and make a fresh syrup using 200g sugar, 300ml water and 2 teaspoons rosewater.

Stir over low heat until the sugar is fully dissolved then boil until reduced to 250ml-300ml. Slide the physalis (stripped of their paper lantern-like husks) into the boiling syrup and bring back to simmering point, Remove the pan from the heat.

Lift out the slightly softened physalis with a slotted spoon and drop them here they are organic or and there among and over the clementines. Spoon the syrup over the lot, and baste while the fruit cools. Serve very cold.

■ In my recipe for Thai Cocomut Broth (December 24) chilled glasses for serving rosewater. Bring to a fast a line was left out. When using the extra coconut milk fitting lid and summer very or cream I use 3 tablespoons or so of fresh lime juice and

Richard Neill, chef-writer

proprietor David Levin.

Rowley Leigh and restaurant

Opening this month at

The Avalon, New York, is

House, a 55-seat restaurant

and bar in lower Madison

Avenue. Forgione, a former

US chef of the year, says

new American cuisine will

be to the fore. Tel: + 00 1

212 299 7000.

Larry Forgione's Coach

Cheers to good lager

Giles MacDonogh on some of Franconia's smaller brewers

over, small independent breweries are going to the wall. Little Upper Franconia at the eastern end of Germany's River Main used to have hundreds of The Bayreuth brewery was quaint, little brewhouses. There are plenty left, but many have been lost.

Coburg. It has 43,000 inhabit- the others. ants and three breweries. The Hofbrauerel, which used to make the beer for the ducal court, however, is now the property of the Munich house of Paulaner, and a museum by Oscar, a jovia Munich-style wheat beer

flows from its coppers now. If you want a proper Cobis still made by the local company of Schiedmantel. It is at its best with a Coburg in San Antonio. Bratuurst, a sausage about 1ft long with one bulbous end. which derives some of its smokiness from being

grilled over pine cones. Cotendorfer Dunkel is trastyle of Upper Franconia what have you. In Sessiach. a delightful small walled town just 15 minutes from Antonio. Coburg. a similar strong lager is made in the munici-

This is a compact building in one of the town's excellently maintained medieval streets. The brewmaster is employed by the town to litres of beer. When this occurs the Sesslachers come running from their halftimbered houses to carry it comes to hand. This way fresh beer is theirs for about 50 Pfennigs a glass. There are just two recipes made in the brewhouse: one for the Sessiachers, and one for Reinwand, one of eight inns within the old walls.

It is said that the poet and novelist Jean Paul (Johann Paul Richter) settled in Bayreuth in 1804 because of the quality of the traditional brown beer. He very quickly discovered the "inn of inns" in the Rollwenzelei, just outside Bayreuth, where the landlady kitted him out with a study all of his own. There he could work with a full jug of beer permanently stationed beside his right hand.

These days the most authentic Bayreuth beer is made by Schinner. It is worth stopping at the Braunbierhaus opposite the town church in the Kanzleistrasse to enjoy a glass. I found it had a whiff of pineapples. Another beer I have

always thought smelt of pineapples (others insist on apples), is Maisels Weisse. This copper-coloured wheat beer has long been my favourite summer tipple in ern Bayreuth's greatest claim to fame after Richard

t is the same the world Wagner and the Festspiel-

There are four Maisel breweries in Franconia, all founded by cousins and all created a little over a century ago and presumably once brewed a similar sort of Take the old town of dark lager to Schinner and

The brewery is now in the hands of two brothers, Hans and Oscar Maisel. I had the pleasure of being shown round the large brewery the broadest Upper Franconian dialect. I later learned urger you should ask for a that he spoke English too, or Cotendorfer Dunkel, which rather Texan. He had spent a year after brewing school at Welhenstephan making been

is sojourn in Texas has made think there are any undrinkditional dark lager, the basic able beers. With time and and wonderful specialities: indifferent. I do not know if steamed, smoked, white or he is right, but I do know that I would rather be confined to Bayreuth than San

Maisels still makes a dark lager, and a steam beer which is highly regarded by beer pundits, but only his "Weisse" enjoys a following throughout Germany.

It was an accident which led Maisels to change its brew a weekly Sud of 3,200 style. In the old days it,like many other large Franconian breweries, made a successful "champagne beer". But the French with their sensitivity in these matters eventually put paid to that and the Maisels were forced to make something else for their customers.

The creation of a "Weisse" southern Bavaria. It comes as either a clear "Kristal" or a "Hefe" bottled with its yeast. Maisel is quick to point out that this a recent fashion; cloudy beer always used to be a synonym for bad beer. Only when the Germans discovered the apparent health-enhancing qualities of yeast did they latch on to these newfangled turbid brews.

angled turbid brews.

And damned good they are too, especially when it is hot. Maisel held up his glass of Weisse and stared at it with pride; that colour came from the blend of wheat and barley; that aroma from the special yeasts. It may not be traditional but with beers like this little Franconia can presence on the world's beer market.

You will have to go to Germany to sample some of the beers listed here. Lufthansa flies to Nuremberg. For Maisels Beer Museum call 49 Germany, and it is also mod- 921 40 1234. Tours at 10.00 am. Groups of 12 or more in

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Section 196 $(\gamma_1, \ldots, \gamma_{k-1}, \ldots, \frac{1}{2^k}, \gamma_{k-1}, \frac{1}{2^k}, \frac{1}{2^k}, \frac{1}{2^k})$ The tip the st

M. fright, apply

and the second

The lead-up to the World Cup finals in France last summer brought out all the arrogance in Brazilian football Brazil is the only country to have won the World Cup four times, and those encless Nike commercials featuring Brazil's stars reinforced the image of a dream team.

In Brazil, the view formed among supporters, journalists and even among some of the players that Brazil could only be beaten by themselves - and, should they prove to be their own worst enemy, that the only adversaries strong enough to take advantage were Italy, Germany and Argentina, their traditional heavyweight rivals.

All of this made the crushing 3-0 defeat by France exceptionally difficult to explain. Indeed, the score could have been worse, so marked was French dominance. How could Brazil have been humiliated in this way?

Bars all over Brazil reverberated with talk of conspiracy. The game had been fixed. Brazil had lost on purpose. Rumours and gossip on the internet fleshed out a lurid tale involving, among other things, France's unemploy ment rate and Brazil's desire to stage the World Cup finals in 2006. The international media were investigating, and details would soon come to light.

It was all nonsense, of course. But it was the only way that Brazilians (and others) force-fed the story of their team's invincibility could start to comprehend the

Many others, such as the team coach, Mario Zagallo, shrugged their shoulders. It was impossible to explain what had happened to the team on the day of the final. It was just "one of those things".

Carlos Alberto Parreira, Zagailo's friend and predecessor as national coach, recently argued that had the final been a best-ofthree affair, Brazil would have won. It had been an off-day, said Zagallo. This was the same phrase he had used following earand Norway. To have had one

Zagalio was a player in the 1962 World Cup, when Pelé was injured in Brazil's second game. The world's undisputed No 1. Pelé was at his athletic peak and far more important to his team's and Garrincha played, which all-round play than Ronaldo last summer. In spite of trantic attempts to get him fit. Pelé soccer world in so many aspects played no further part in the of the game. Their preparation tournament, and his team-mates quietly got on with the task of winning the World Cup.

It was a point made by Zagallo in his pep-talk before the final against France last summer, though it clearly had little impact. The controversy over what happened to Ronaldo on the obscured a fascinating question: why were Brazil so weak that the croblems of a single player led to the team's collapse?

Those omnipresent TV commercials of Brazil's stars showing off their skills in an airport lounge drew upon the world's perception of Brazilian football: full of improvised skill, a spontaous and joyful celebration of individual genius. This percep- ration. In their great days, it was tion holds the key to an important part of the story of their

Pelé and Garrincha, a spontaever there was one, were the key fitter than other teams. The spe-players when Brazil were estab-cialist physical trainer has for Football", Nilton Santos in the Fittingly, their executioner was



Mystery of the great Brazilian collapse

Tim Vickery explores the most surprising defeat of last summer's World Cup

were on the field.

Individual talent is no longer enough, but then it never was, What has been forgotten is the context in which the likes of Pele allowed their skills to flower. In their heyday, Brazil led the for the 1958 World Cup finals their first triumph - is a case in point. A year before the tournament, members of their delegation had scouted Sweden for

hotel and training facilities. Nothing was left to chance, Before travelling, the players received dental treatment - very necessary in some cases - and, years ahead of their time, the team also took along a sports psychologist. True, Dr Carvalhaes rapidly became a peripheral figure; he found Pelé "obviously Infantile" (the striker was only 17 years of age) and "would not advise his selection". But Brazil's

showed an admirably open mind. Then there was physical prepacustomary for Brazil to win tempo opponents could not this was Nilton Santos. A player

tional careers coincided for an the side's 1966 World Cup flasco lier losses to the US. Argentina eight-year period, and Brazil on the fact that trainer Rudolph never lost a game when both Hernanny came from judo, and

was not a football specialist. tume; a run of them seems to indi-cate structural weaknesses in Brazilian soccer.

The country continues to pro-duce outstanding soccer talents – only to be expected, given the story of the development of soc-being in the midfield. "I was ahead The drama of Ronaldo's convul- size of the population, the cli- cer tectics has climaxed in the of my time," he says. "Now. sion in the hours before the final mate and the importance of soc-conception of the team as a dia-every one does what I did." had upset the team, said Zagallo, cer in Brazilian culture. The pop-mond-hard unit. When in possesbut, as the veteran coach must ulation has grown from 90m in sion, all players are attackers. have been aware, that is a lame 1970 to 180m. Even so, of the last Without the ball, all are defenders. This was the point reached explanation for the team's collapse. seven World Cups, Brazil have ers. This was the point reached only won one; even that followed by Holland in 1974, when the

> 'Why have a midfielder who just defends or just attacks, if I can choose one man who does both?

Dutch school of "total football" regarded all players as multipurpose. Subsequent rule changes have extended this concept to the goalkeeper, who now needs to be skilled in passing the

ball out of defence. The drive towards versatility was given a huge boost by Brazil. Needing to find a way to cope with highly talented attackers in willingness to experiment domestic football, Brazilian coaches hit upon the idea of withdrawing an extra player to the heart of the defence, creating a back four. As a by-product, the games in the second half, when full-backs had more freedom to they upped their rhythm to a attack. The first to appreciate France's lesson was in high-pres-

lishing themselves as masters of decades been an important figure 1950s pioneered the role of the Zinedine Zidane, glorious with the global game. Their international at Brazilian clubs. Many blamed raiding left-back. if full-backs could attack, wingdeadly in the air as well.

ers could defend. In 1982, Nilton Santos was 37, and struggling for pace. Mario Zagallo, on the left

Yet this same Zagallo became a symbol of how Brazilian football slightly ridiculous figure in his stopped in time. In 1970, he was desperation to be "modern". the coach, with the brilliant and Computer jargon litters his conintelligent Tostao at centre-forward. Twenty-eight years later Zagallo was once more the coach. asked about his priorities. His and Tostao, now a journalist was homage to the professional horrified to see that the training approach of European coaches methods had not changed. Indeed, the Brazilian game had gone backwards. The rot of complacency had set in.

The creative player who tips the balance had become a spoilt child. Not for him such chores as working back, or learning to kick with both feet. His talent justified all. But for him to play his tune, someone had to carry the piano, and so Brazilian midfields became clogged with plodding markers, excellent at committing fouls to slow down opponents with the ball at their feet.

The result in France last summer was a commentator's dream. There were no surprises from Brazil. It was clear which player would operate in which sector, and how. Their attacks were predictable. They may have had some of the best players, but tactically they had little to offer.

Last April. Argentina gave them a lesson in 11-man football. constantly moving the ball to create space on the field. Last July, sure marking, reducing the space match. Quite simply, Brazil were so complete that in Brazil he is in which Brazil's players could

The more perceptive have warning that Brazil have fallen behind - victims of their own success who have forgotten the things which made them successful. Those who think like this include Vanderley Luxemburgo.

Brazil's new coach can cut a versation. "First, we'll draw up a macroplan," he replied when sees him permanently trussed up. in a suit and tie, like a tropical Father Christmas, sweating buckets in 40°C beat,

But there is merit in his message. He has embraced the creed versatility. "Our defensive midfielders don't know what to do with the ball," he has said. "It's not a case of playing 4-4-2 or 3-5-2. What's important is having a group that can vary the play. What's the point in having a midfielder who just defends or just attacks, if I can choose one man

With three lightweight friendlies under his belt, it is too early to judge the reign of Luxemburgo. With the limited time available for training and the pressures the job always carries. it may be difficult for Brazil's new coach to impose his philoso phy. His enthusiasm for the football of the Dutch recalls an earlier coach, Claudio Coutinho, who failed in his bid to make Brazil imitate the Holland team. of 1974.

Some see Luxemburgo's demand for versatility as an alien lead Brazil back to the path that led to so many triumphs.

Michael Thompson-Noel

Safety, not seamanship, is the issue

must be extravagantly thrilling and would grown men and women . spend so much money on it, and confront such risks?

I have no experience of it myself, for I am one of those custard-hearted individuals who hopes to live longer by minimising risk. I stay on land. and I try to stay dry.

On the other hand, you do not have to be a risk-taker, let alone whether an event as dangerous as the Sydney-Hobart spectacle, an ocean-racing classic which has just claimed no fewer than six lives, should not be subjected to the most intense scrutiny and investigation. I would be astonished if it could not be made very much safer.

Last weekend. Australia had to mount its largest civilian maritime rescue operation when appalling weather smashed into the 115-yacht Sydney-Hobert fleet off south-eastern Australia. obliging many crews to acramble for survival. Six yachts were abandoned or sank, and 70 were forced to quit the race. Military helicopters plucked about 55 sailors to safety.

At the height of the rescue, 38 military and civilian streraft naval and fishing boats below.

Because of the treacherous conditions off south-eastern Australia, the 630-nautical-mile Sydney-Robert is known as "Hall on High Water". Astoundingly, only two reported deaths had marred the 54-year history of the raca bafora this week's carnage the worst in an ocean race since 15 died in a storm during the 1979 Fastnet race off Ireland.

The Cruising Yacht Club of Australia (CYCA) has said it is launching an inquiry into the involved in the race, especially the competitors, seem to believe that skippers will retain sole responsibility for deciding whether it is safe for their craft. weather is upon them.

"You enter a race at your own risk," said Ross McDonald a crewman of the yacht Wild Thing, which quit the Sydney-Hobert last Sunday. "You're free to pull out any time you feel it's too much for you." In Britain, Sir Robin

non-stop, round-the-world sailor, endorsed this viewpoint by declaring, in a piece in The Times: "As conditions deteriorated, many of the sallors judged that both crews and boats had reached their limits. More than half of the fleet sensibly decided to withdraw and head for shelter. This decision is made by skippers, because they are the

the race organiser to cancel the race, because he is not aboard." I am sure I cannot be alone in finding that way of looking at things to be peculiar and more than a little gung ho, especially as a spokesman for the CYCA has said that the start of the race would have been delayed if officials had known what lay in store for the Sydney-Hobart fleet.

people on the spot. It is not for

If it is OK for race officials to delay the start of such a potentially perilous undertaking as the Sydney-Hobart, then I cannot imagine why they shouldn't be empowered to order its ahandonment if they learn that the fleet is sailing into really

Knox-Johnston says sailing is a safe sport, statistically, but that

training and experience. Seamanship cannot be acquired from books, he says. It is a hands on skill. To become good seamen, people must sail out to the oceans and study the winds and waves and the reaction of a boat to both. "If we start to ban difficult races, or cancel them at the whill of a bad weather. forecast, we are not just encouraging a lowering in standards, we are ensuring that the quality of seamanship will

Really? That sentence raises numerous questions. Perhaps the "quality of seamanship" that now prevails has been bought, or is in danger of having been hought, at too high a price. Perhaps what is needed is not ever higher standards of seamanship, but slightly lower ones, thus encouraging more skippers to ask themselves some extremely basic questions every time - every time they put to see.

Being a cymic, I suspect that ional (and perhaps emateur) sport is more bedevilled by the often unsavoury influence of gamblers, bookmakers and

In top sport, greed, cheating and corruption will endure to the end of time

betting than 99 per cent of sporting bureaucrats imagine.

Nevertheless, cricket followers may have been taken aback at. the lack of ambiguousness in remarks by Stephen Camacho. chief executive of the West Indies Cricket Board, in dismissing. speculation that West Indies players might have had anything to do with bookmakers or

match-fixing. "Nothing has ever been brought to our attention about anything like that," said Camacho loftily, adding: "We have to believe in our players and their integrity and pride in playing for West Indies. We have not kept anything back. We are speaking from what we know. Our guys are clean."

Bully for them. But even the steely Camacho, a former West Indies opener, admits that the shadow of match-rigging in cricket is growing and spreading. Before, liberel was just an isolated case in Pakistan, Now that we are hearing a lot more, around the world, it is causing some concern for everyone," said

When the International Cricket Council meets in Christchurgh. New Zealand, next week, problems of bribery and match-fixing will be near the top of the agenda.

It is my view that the three biggest issues in professional sport in the first two decades of the 21st century will be player power - especially the ability of highly paid stars to hold their sports to ransom – drugs and betting. The bureaucrats and media will huff and puff away. But it won't make any

difference. In professional sport. greed, cheating and corruption will endure to the end of time. Just ask a bookie.

e are entering the last year of the first full transport as our forebears were when they clunked around in the first de Dion

reams of research going on defence is an observation by eral Motors chairman, that two-thirds of the world's storehouse of knowledge had been acquired in less than 40 years since the end of the second world war.

years, we have probably acquired half as much again. Just as the rich a century ago never envisaged motorways and the great unwashed driving in air-conditioned comfort in their mil- an integrated telephone and lions, the solutions to the a choice of two satellite naviurban jams and other motorised miseries of the next century may well take producing its long-awaited and steer the car out of trouentirely unexpected forms. Some of the innovations provides a conhisticated on-

Motoring

Cars drive by themselves

High-tech fantasy is moving closer to reality, says John Griffiths

expanding so fast that the by speaking. engineer who claims to be powered or used even two commercially available car trol centre and emergency decades hence is deluding in the world to have "adap-

Considered individually. these innovations do not a In the space of a further 15 revolution make. Only when they are combined will their true significance emerge.

spring, Rover. BMW's Brit- components arm, will be ish subsidiary, will launch demonstrating more radical its new 75 executive car with technology already at the gation systems. At about the and other sensing systems, same time. Jaguar will start S-type with similar technol- ble.

Hogwash, some will say in due in the next 12 months, board voice recognition sys- marque, will be introducing working with information response, pointing to the and others unveiled in the tem. The driver will be able a combination of airbag senpast 12, underline the fact to operate telephone, air consors, on-board transmitter Microsoft, to provide full that our knowledge is ditioning, radio and CD just

> tive" cruise control; onboard radar automatically keeps the car a safe distance from the vehicle in front while cruising on the autobahn. But Mercedes, Ford Take some examples. In and Delphi, General Motors prototype stage: collision avoldance using radar, laser which automatically brake

> > Padillar CM's iron-

tem. If a driver crashes and The new flagship Merced is knocked out, the car autoknow how cars will look or es-Benz S-class is the first matically signals a GM conservices with the crash location to within four metres.

Later this year, Cadillac De Ville models will have a night-vision system based on infra-red thermal imaging technology used by the military. It will allow a driver to "see" in the dark three to five times farther than using conventional headlights, cut- sor. Within the next 12 ting the risks of night-time driving.

Another prospective technoting: internet in the car. miles from home. Put all Visteon, Ford's components these technologies together,

technology groups, including and satellite navigation sys- internet access from the car. This would allow drivers every type of activity from downloading database information for a businessman's on-board computer to running the bath at home.

In the shadow of Brussels Atomium exhibition building is a house of the future, funded by the European Union. Almost every household chore, from closing curtains to running a bath, is controlled by a microprocesmonths, says Visteon, prototype on car internet systems will be able to run that bath nological advance is worth while the driver is still 20



Rover's new 75 executive saloon: BMW's hope for 1999

and the remarkable becomes the revolutionary.

closer to reality what only recently was generally unthinkable: the self-driving car. It is no longer fantasy to talk of a driver - a potentially redundant term jumping into his car, issuing voice commands about where he or she wants to go, before settling down to some work while the car tootles safely to its destination.

This capability is impor-

and pollution as well as moving commuters, at least, In combination, they bring on to public transport. What hope can there be of weaning commuters from their cars if they can spend time constructively in a traffic

As for pollution, another

technological leap is due in the next two to three months, when Ford puts on the road what it claims is the first medium-sized car powered by a fuel cell to undergo "real world" testtant not least for governing. The cell, developed by a ments agonising over how to partnership between Cana-

erates non-polluting power from hydrogen and oxygen. By the end of the year, the partners will know if putting fuel-cell vehicles on the market by 2004 is feasible. The revolution is not con-

Daimler-Benz and Forti, gen-

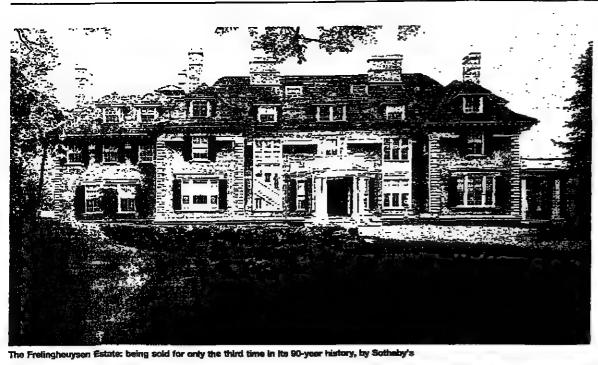
fined within the car. Technology trials for external control of a vehicle taking place in Tilburg in the Netherlands indicate that some will not welcome all innovation. The Dutch Ministry of Transport, under an EU research programme aimed at cutting road deaths, is experimenting with a roadside beacon system that sends a signal to specially equipped cars entering the town's 30kph

The signal is picked up by an on-board chip that instructs the car's engine management system to slow the car to exactly that speed - irrespective of the driver's

"The possibilities are as wide as your imagination, says Graham Bell, Delphi's European marketing direc-

صحذامن الأحل

PROPERTY





Heading north for some real wilderness

Anne Spackman finds the Hamptons is becoming second choice for a growing number of New York second-home owners

in the Homptons. Anita Perrone expected it to be her number one choice for a weekend home. When the opportunity came, both she and her husband decided homes in both locations, as against it. The traffic was too bad: it was not the relaxing place she remembered. the migratory flocks heading buyers are looking as far north out of New York City away as the "finger" lakes for the weekends. In their and the Adirondacks in case, the journey is to search of some real wilder-Dutchess County: for others ness it is increasingly to the towns and villages to the says people are looking for west of the Hudson River.

That whole area around the Hudson has become reproduced. "Water, woodincredibly popular." says land and countryside -Perrone, who works for the Corcoran real estate group in Manhattan. "It's the un-Hampton Hamptons. You vast 13,000 sq ft property in don't need to dress up to go 150 acres on one of the finger to town. There are dells and lakes. "I wanted to make mium interest rates previfarmstands, rather than sure I got in early," he says. malis and you can still pay by the honour system of surge in weekend buying leaving a quarter in the over the past few years. An US league of second-home

it would be hard to argue that there was an exodus

aving spent tons, given the strength of her college its prices. But there is no years happily doubt that a number of weekenders who had homes there are swapping them for the less sophisticated territory of upstate New York. Sotheby's International

Realty has clients with well as New York City. The Hamptons is for the beach and the Hudson for the Instead they have joined countryside. Some of their Sotheby's Tom Anderson

> settings and properties which they know cannot be people are so eager for that combination," he says. Just last year he bought himself a The US has seen a buge

additional 200,000 second



ed farmhouse at Rhinebeck: W.J. Lavery sold it for \$307,000

sus Bureau. Last year (1998) was reported to be another

Buyers have been encouraged by new finance packages which make second homes more affordable. Instead of 30 or 30 per cent deposits, lenders will now take 10 per cent. The preously charged on second homes are also disappearing.

New York lies third in the ownership, behind Florida homes were bought each and Michigan. Many of its year in 1996 and 1997, accord- latest recruits are from Maning to figures from the Cen- hattan's new country set.

looking for the same attractions which draw Londoners to the Cotswolds: protected countryside, old properties and shope selling many of the foods they enjoy in the

Phillip La Susa is a realtor for W.J. Lavery, living in Ulster County, one of the increasingly popular areas to the west of the Hudson River. He has sold houses in Ulster and Dutchess counties for 30 years.

He says Dutchess has always been the prime destination, while Ulster always had a following among writ-



ers and artists attracted to \$250,000 towns such as Woodstock \$400,000. Most popular are and Stone Ridge. They are the old stone properties. now being joined by refugees from the Hamptons.

"The Hamptons is a very ocial area," La Susa says. "But people come north searching for something more rural, more remote. Most of them want antique houses at the end of a lane. The reality is that most antique houses are built on

La Susa says the most active part of the market is Keith Skeel, an antiques and rolling woodland, dotted for homes costing between interiors specialist with

(£150,000) and some of them former farmhouses, dating from the mid-18th to the early 19th cen-

Although prices for such homes are rising, they are still cheaper in real terms today than at the end of the 1980s boom. "By the end of the 1980s the entry level into the market was \$300,000," he

INTERNATIONAL PROPERTY

One man currently househunting on the Hudson is

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Africa and the US. He was tination for people who want taggered by the beauty of the landscape and the price of property in an area so close to New York City.

"It's everything you expect to find from the English countryside, but often don't," he says. "There are rolling hills, wonderful trees. lakes and the Hudson River itself. Within half an hour's train ride you are in sparsely populated countryside, with lots of small villages and no noise. You can be in your own world."

properties which look like miniature plantation bouses. with large verandes and wooden columns. He nearly bought one in an acre of ground with uninterrupted views across the river. priced at \$340,000. "You would never find anything like that near London for £200,000." he points out.

One place where prices not only rival, but outstrip the UK, is Tuxedo Park, an hour's drive from Manhattan. It is a protected area of with some spectacular archi- La Susa: 914 229 2200

tectural gems. This is a desrural peace and period architecture, but within a gated community with its own private police force. For most residents it is one of several places they call home.

Tuxedo Park still has buca turn-of-the-century homei such as the Frelingheuysen W Estate, which Sotheby's is selling for only the third time in its 90-year history. The asking price is \$2.9m.

Many weekend buyers are focusing more on the converted outbuildings of the Skeel is particularly inter-ested in the 19th century sold as houses in their own old mansions, now being right. Tom Anderson of Sotheby's has recently sold such a property, called The Library, a 3,000 sq ft lakeside house in six acres, with a boathouse, for more than

He says the area has become increasingly popular with stars of the sports and entertainment worlds, whose income is unaffected by far, he reports no sign of the softening in prices being witnessed in Manhattan. 2,500 acres of lakes and Sotheby's International Realty: 212 606 4160; Phillip

Overseas bu

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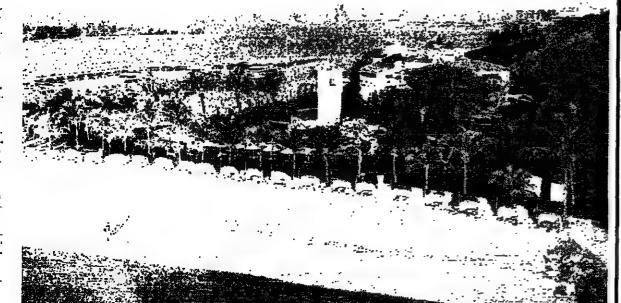
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PROPERTY / OUTDOORS

Gardening

One under the eight

Why did Robin Lane Fox's viburnum die? Philosophically, he has a theory

enthusiasm of owning a new garden, I planted the backbones of my plan, eight specimens of the whiteflowered Viburnum Carlcephalum. Since then, experts have given them a mixed press. They say in their books that Carlcephalum is more coarse than either of its parents, the sweet and slow-growing Carlesii from Korea and the marginally hardy Macrocephalum which has huge heads of white

flowers and needs a warm

3 3

Personally, I am delighted with my choice because it has generally grown vigor-ously, survived the droughts, had no attention and now covers itself with bundreds of white flowers in May. Last year, one of the eight flowered frantically. It seemed unable to stop and after its final tour de force, bits of it started to go brown. In April, it faltered into leaf, turned round and died. By the week of the Chelsea Flower Show, it was a brown mass of twigs and I needed

At this point, I remem-

bered the young Descartes. ton, had a marvellous how he preferred to trust practical men who would suffer personal loss if they were wrong. So at Chelsea asked those whose living depended on the matter why my big viburnum had sud-

denly died.

Of course, they all had an answer. The trouble was that the answer differed. Highly honoured authorities told me that it was a new soil-born type of bacteria or a virus which had poisoned the roots. Some suggested that the entire plant had been barked and stripped by soutrrels. Others said that it was a type of phytophora. Most of them agreed on the worst diagnosis of all: viburnums are not long-lived and a lifespan of 10 years is

about right. If you plant a repeated backbone to your garden, you certainly do not wish to hear that 10 years is its lifespan. Designers tell us to plan simply and consistently, but that multiplies the risks of common disease and simultaneous mortality. I remember choosing viburnums because the then for-

With hindsight, he tells us sequence of mature Vibur- started to rub against the for control of the family num Carlesii in a prominent part of his garden.

In due course, I asked him, too, if viburnums were short-lived. He said they were beginning to die in places but he had been growing them for nearly 50 years. On the Descartes principle. he did not stand to be pun-

> It flowered frantically. faltered into life, turned round and died

he had had enough of a span in these plants' company to know that his did not die in

In June. I held an inquest while doing the summer bedding. There had been no barking and no bacteria. The viburoum had been grafted on to a much coarser variety and I ought to have been quicker to cut off the many shoots from the base.

desirable branches of the and they rubbed away the bark, restricted the sap and caused the finer parts of the . plant to wilt. They had inflicted a sort of horticultural frottage which bad killed the proper parts of the

I have continued to puzzle over this death and bave now found a promising con-

The viburnum began to be

stressed from 1989 onwards. It has recently transpired that fellow members of its family had begun to be cited in a spectacular case, alleging international smuggling. In late spring 1984, a group of treasure-hunters near the village of Elmali, in southwest Turkey, found a large hoard of ancient Greek coins of exceptional value and rarity. A few months later, a large collection of excep-

tional Greek coins began to

be offered by various dealers and ended up in the ownership of an American businessman, William L Koch. Koch has many strings to his bow, including a prolonged battle with two of his

In high winds, they had multi-millionaire brothers business and victory in a graft which I had bought claim for the refund of \$45m from the Massachusetts tax The case hinges on

whether the coins acquired in phases by Koch had been extracted from Turkey. removed from their histori cal context and smuggled into the market for unlicensed antiquities. The dispute continues but a cardinal witness in the early rounds has been nothing other than the white scented

The Turkish authorities challenged Koch on the dates of his dealings with the middlemen who sold him his silver coins. The potential value of the part of the hoard offered to him could have reached \$3m. According to Koch and his repre-sentatives, the offer of this extraordinary treasure had already been made to him before the Elmali hoard had come out of the ground in May 1984.

When pressed, he said he was sure of this because he had first met the dealers when his beloved flowers, including sweet-scented



lbumum carlcephakum a lifespen of 10 or 50 years?

viburnums, were in full Turkish hoard seems to folbloom in his own Massachu. . low from the chronology. setts. Expert opinion then prosecutors that the weather. records for Massachusetts in 1984 were enough to show that viburnums would not have flowered before mid-May, by which time the hoard was out of the ground and available for middlemen to flog for an outrageous

I now realise that my dead eighth viburnum was embarrassed by its namesake being hauled up in court. quence of the affair of the

No sooner had the viburcountered for the Turkish num's fair flowers been taken in vain in testimony than my specimen started to go wild and flower itself to

> rage, not with soil-born bacteria. It saw the citation of its family in international suit as the ultimate disgrace and had an over-energetic fit

death. I am pretty sure it.

was shaking with moral out-

Nobody else, expert or othbetter explanation of its destructive conduct. In Deccartes' view, the series of people in their studies are all the more vain about their theories the further they are from common-

In my experience, the sense at Chelsea, the more they were mistaken. If we followed the ways of practitioners who are making a living, we would still be doing some extraordinarily stupid things to the plants we grow. The practical man is no more right than I am arwise, has come up with a and it is not just vanity that makes me prefer my theory as to what began my dear viburnum's decline.

On the Move

eign secretary, Lord Carring-

Overseas buyers drive Irish market

Gerald Cadogan finds European interest in property in the Republic is expected to grow

try property in Ireland rose 25 per cent, reports agent Michael Daniels end of the market, he finds. Of a current sample group of 260 registered potential buyers for houses costing more than I2600,000, 40 per cent are from the UK and 29 per cent from the US. Irish potential buyers form 12 per cent are Irish expatriates.

In the I£300,000-I£600,000 range, the US and Irish figures change. Here Irish buyers make up 30 per cent of the market, but US buyers drop to 9 per cent. Continental European

interest in Irish property is likely to expand this year, according to Daniels, as it becomes more easy to compare values throughout the euro countries. In County Cork, Daniels

(00 363-25-39145) lists Gortnavalig House, a 19th century Georgian-type box house with a good garden and superb views over Bantry

Restored gem

In Wales (although postally in Shropshire), Bettisfield Park near Whitchurch is a handsome Georgian medium-sized country house with six bedrooms.

n 1998, prices of coun-stunning plasterwork and and the RAF Yacht Clubs. painted cellings, perhaps designed by Samuel Wyatt, the architect of Donnington of Mallow in County Cork. Hall in Cheshire. Now Foreigners dominate the top restored, this classical gam costs £2.5m from Jackson-Stops in Chester (01244-339361).

Jaunty crescent

early 1830s by Decimus Burton after he had designed the Athenaeum in London and the screen at Hyde Park Corner. The crescent has 17 ered promenade in whitepainted cast iron, which gives the right jaunty look for a spa resort. The ground floors began as shops, but were soon included into the houses above.

Unusually, two houses in the crescent are for sale and flats and cottages. from Brooks Peacock in Tunbridge (01892-531199). Number 12 is rented on a long lease which priced at £285,000, and num-

For sailors

project is a riverside scheme for sailors. Hamble River- including the house and side is at Hamble-le-Rice at other lots, £2.7m. The racing the mouth of the river Ham- authorities would probably ble where it joins the Solent, allow two or more trainers close to the Royal Southern to share the yard.

the county. One Christmas, John

times a week in season. Though

there are several stories concern-

ing the origin of the name (one

involves the number of redheads

who rode to hounds), the most

likely explanation is derived from

in from the Atlantic.

tained in a bad fall. "Some people

look at the terrain and just give

up. After four or five hours in the

saddle you are ready to collapse."

About 300 families once con-

Steinbeck played Santa Claus."

The RAF club used to own the site, which has now been converted into townhouses, flats and a penthouse, at prices from £155,000 to £425,000. Inquiries to Berkeley Homes in Hamptons in Winchester (01982-842079).

Another classical gem, and also grade II*, is Calver-

bridge Wells, built in the hard to think of a more distinguished name than the West Ilsley stables near Lambourn in Berkshire, Following Lord Huntingdon's decision to retire from train-

houses opening on to a cov- ing at the yard, it is for sale. The vendor (through the Privy Purse) is the Queen, who bought it in 1982 and wishes it to continue as a training yard.

The sale includes the trainer's house, 117 boxes in five yards, an exercise yard, There are 37 acres around Wells the yard, and 196 acres form, says Hern, "the finest private gallops in England, having an excellent cushion

The price for the yard and Berkeley Homes's latest gallops is \$1.6m from FPD-Savills (0171-499 8644) or,



Hodgott House, part of West listey: the house, stables, training yard and gallops are for sale in lots, or as a whole for \$2.7n





We'll jump right across the country

The Galway Blazers are a legend in and out of the saddle. Kieran Cooke observes

rod straight in front of the crackling fire, suede shoes slightly scuffed, well-worn tweed jacket trailing a few threads. Tumblers of whiskey are handed round. Terriers jump and growl, leaping off the back of the sofa, pulling at shoe laces, upsetting the nuts on the table. A big fat yellow moon hovering over Galway Bay shines in through the long Georgian window. When I climb on a horse I feel the same sense of excitement as

when I first started hunting more than 50 years ago," he says. Mahony - known to everyone in the Irish hunting world by his an incident last century when nickname "Min" - is chairman of the men and women from Galthe Galway Blazers, Ireland's way were entertained to dinner most famous hunt. The Blazers has a reputation for raciness and

beyond the country's borders. "I suppose we are a fairly harddrinking bunch who love our hunting and the rough and tumble of the sport," says Min. Tumblers are refilled. "Every-

one seems to enjoy riding with

us. Local farmers, financiers,

ribaldry which stretches well

priests and film stars. It's a great mix and certainly not elitist." John Houston, the American director of such epic films as The the Blazers," says Elaine African Queen and Moby Dick. was once a joint master. St Clerans, Houston's Galway mansion (now a luxury guesthouse owned by the American TV chat show host Merv Griffin), was the set-

ting for wild post-hunt parties. "Houston was a wonderful trolled most of the land in host," says Min Mahony. "There County Galway. Few of the old were Monets on the walls and the cocktails - White Ladies and ivy-clad ruins. The land has been



ey: 66, and back in the saddle three months after a triple bypess

itor to the Blazers in the 1930s. is talk of the weather and picking

"Dammit, there were more walls up the scent of the fox. "Scent is

network of fields criss-crossed by wid lepping." stone walls. "Walls, more walls," said a vis- and brandy are consumed. There

subdivided over the years into a than fields - and ye'll be say-sick Before the hunt sets off port

There are good and bad scent days. If I see the stones on the walls are black and wet-looking, then usually the dogs pick up a scent easily." Eamonn Smith, the hunt's Whipper-In" but out of action stone walls are new to us. I just

due to a broken wrist, says that when he sees chimney smoke curling back to lay on the ground he knows it's a good scent day. The Blazers has about 80 full-time members. By invitation, outsiders can ride with the hunt. It costs 1280 a day for a "Visitor's Cap", the same again to hire a horse. The total hill for a day out

can be I£200, if before and after

Visitors enjoy the informality and wildness of a day spent hunting in Galway. Eric Neibart, a New York physician, hunts regularly with the Blazers. "I come for a week and it costs me less than \$2,000, hotel and air fares included. I can leave JFK lairport] in the evening and be sitting on a horse here the next

morning. Klaus Engelsgjerd, managing director of a Norwegian oil supply company, says nothing equals a day out with the Blazers. "The people are wild and wonderful - so is the country." Debbie Gall and two friends

very mysterious thing," says are riding with the Blazers for Min, now in red coat and top hat. the first time. They are nervous and slightly perturbed by the chaotic atmosphere. Horses gallop off in various directions: some riders are still propping up the bar. "Our hunts in the US are far more organised. All these

> hope we last the pace." Two hours later and the Americans look at home. Their jetlagged pale faces have turned pink in the wind and rain, their clothes splattered with mud. A fox has been leading the hunt a merry dance. There is a pause. Hip flacks are passed round. About 30 riders are out. At Christmas, up to 100 join the

"Our horses always impress visitors," says Mahony. "The Irish hunter is an entirely different animal from its counterparts in England or the US, higger and larger boned, a draught horse crossed with a thoroughbred which produces a highly intelligent but placid animal."

The Blazers has always had its characters. Mollie O'Rorke, later Lady Cusack-Smith, was hunt master in the 1940s, a woman renowned for her beauty who hunted with tireless gusto and was at the centre of the Blazers' social life. When the hunt told her it wanted to present her with from Factoryville, Pennsylvania, a portrait she said she would pre-

fer to be painted sitting astride her usual mount of a bar stool rather than a horse.

Father Loughnane, a Roman Catholic priest, was once a Blaz-ers regular, riding a hunter called Orangeman. Once, he chased the fox for too long and was late officiating at a funeral; he was banished to a parish far away from Blazers' country.

Several riders in the hunt are over 70; Min Mahony, 66, had a triple heart bypass three years ago. A few months later, he was back in the saddle, jumping over walls and ditches.

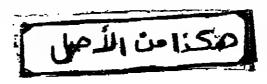
It is 4pm and the sky is darkening when the hunt decides to call it a day. Post-hunt analysis is carried out over hot whiskies at Grealishes bar. Two foxes were chased. Both escaped. The scent, say the huntsmen, was poor.

From time to time protesters arrive at the hunt. "They are usually English," says a local farmer, a hunt member. "In Ireland, people don't have much time for that kind of thing,"

The Pennsylvanians look as if they are about to fall asleep on their bar stools, totally exhausted. The Norwegian has a limp. There is talk of an open-toall 15-mile cross country ride to raise money for a local children's home. "Maybe we'll go jumping right across the country," sug-

gests one huntsman. A hardy lot, these Galway Blaz-

Would be hunters should urite to: The Hon Secretary, County Galway Hunt (The Blazers), Craughwell, County Galway,



TRAVEL

OK. Let's pretend the world's computer systems will all be working next January 1.
Where would you most like to be then?
Ian Holmes kicks off three pages of ideas

Are you ready for 2000? If not, try this wish list...

lennium - or at least think is the millennium you will be pleased to hear

of this proposal.

There is a plan to brighten the millennium's arrival in eastern Siberia – marked by its proximity to the international dateline as the land where January 1 2000 will - with satellite-re-Sected sunlight.

would certainly be one mem- children they really were the orable way to commemorate first to see the dawn of the this occasion, the 12 suggestions featured here are just 🗆 Cost: \$10,000 (28,000) per as amazing and more fun. time-travel, playing on the fax: 289 0663). novelty of crossing the date line: others are celebrations of the natural world or of human nature, chosen for the way they fulfil the spiritual, sensual and social needs that have defined evo-

As 24-hour events, none will change the world, but they may alter your view of it. And, at the very least. they make a great armchair wish list.

Catching first light: Chatham Island, New Zealand

In spite of attempts by their South Pacific neighbours to

you are planning to Line forward (or their clocks Year's eve and millennial be the first person on back), the 750 residents of earth to greet the mil- Chatham Island, east of New Zealand, will be the first what most people people on land to see sunrise on January 1.

Flying via Auckland on December 29, the Official First Light 2000 Tour is offering a one-week visit to the small island, which will briefly become a mecca for the world's media.

Accommodation in its only hotel limits numbers to 60 guests - all of whom will be While a trip to Siberia able to tell their grand-

person. Contact: First Light Some are simply tricks of 2000 Ltd. Tel: 0171-289 1081,

Catching first light (take two): the Tristar air cruise

For just \$40,000 (£24,100), you could join \$7 guests on Christmas day aboard a Tristar jet, complete with bar and lounge, as it flies from Düsseldorf, via Bangkok and Bali, to arrive in Sydney on New Year's eve - for dinner aboard a cruiser in the harbour and the most speciacular firework display in the southern hemisphere.

Next morning, fly eastarrive in Maui, where it is still December 31, to celebrate your second New

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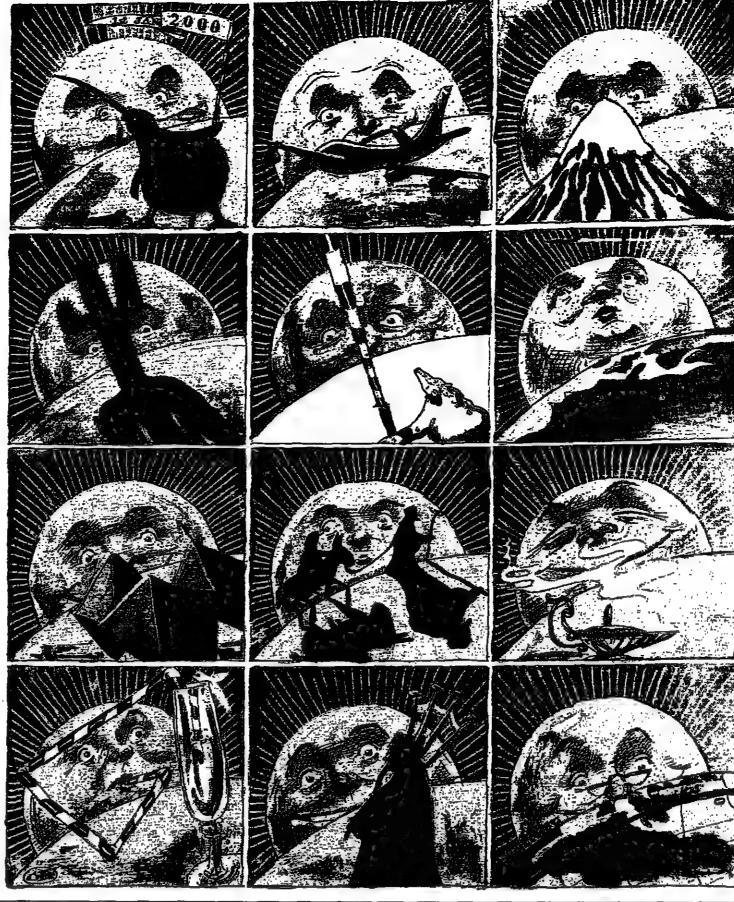
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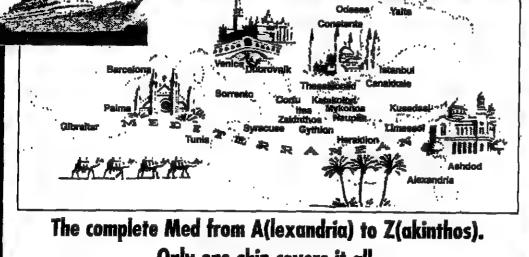
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TRAVEL

nodate...update...update...update...update

■ GISBORNE, on the east coast of New Zealand, will be the first city to see the light of the new millennium. A 24-hour is planned, starting at ...et; partying, laser and flrawork displays. Sailing ships from around the world, taking part in the Pacific Tall Ships festival, will join cruise ships. and Maori and Pacific island cances, and great the dawn with their cannons. The 2,000 cyclists who left Auckland two days earlier should arrive at the end of their 1,000km "2,000 First to the Sun* ride. Updates from www.gisborne2000.org.nz or +64 6 867 2000. Sandra Carpenter

How will CALIFORNIA celebrate day one of the millennium? Same as the other 365,000 or so days: partying. The plan is for a five-day concert covering 5,000 acres, with top bands and (they hope) 2.5m partygoers. Party 2000 will also eature the world's largest barbecue, world's largest fireworks display, world's largest carnival, and other modest treats. Tel: +1 888 723 5501 for

■ SCOTLAND, above all other countries, knows how to do New Years; and the Old Course Hotel in St Andrews has a Millennium Hogmanay planned. Three nights of celebration include a themed buffet one night, jazz dinner the next, and a Scottish Baronial Dinner Dance on December 31. There'll be a New Millennium Goff Tournament next day, or you can just make use of the spa. Cost from £875; details from +44 01334-474371.

LONDON proclaims itself Millennium City, on the (arguable) authority of the Greenwich Meridian - until the millennium starts there, it doesn't start anywhere. Don't bother with the Millennium Dome on December 31, it's open to invited guests only (for later packages with Dome tickets, try London Travel Service, 01992-456178, or Acom, 01432-830083). There will be festivities for lesser mortals nearby at the Royal Observatory: music,

fireworks, pageants; and the annual New Year Street Parade next day. Other millermium projects, including the Tube line extension to the Dome and the glant ferris wheel by the Tharnes, should be open on time... Best idea that nothing more has been heard of: treezing the river to recreate a 17th century frost fair. Undates on www.londontown. com or 0171-932 2000.

Watch the dawn from EVEREST base camp, with Himalayan Kingdoms (+44 0117-923 7163) - or, on one of its other millennium tours; from Punaltha in Bhutan, from the Summit Hotel in Kathmandu. from Darleeling, from the Maharajah of Jammu and Kashmir's palace at Palempur or from a giant tented camp in the deserts of Rajasthan.

REYKJAVIK is one of nine European Cities of Culture for 2000. With luck, the Northern

millennium sky over lceland; failing that, a multi-million pound. fireworks display will do instead. But prices won't skyrocket, promises Arctic Experience (+44 01737-218800): a three-night milliennium tour starts at £875 and includes city sightse bething in natural hot water and a full-day island tour. If Revidavik is too big, welcome the big day at remote Lake Myvatn (bonfire on the frozen surface) or in Husgvik, near the Arctic Circle.

Prithee, m'lord, greet the new era from your car 900-year-old AMBERLEY CASTLE, West Sussex, is all yours for the weekend. Take 40 triends and you'll pay \$2,500 each, including meals and wine in the 12th century restaurant. All rooms have Jacuzzis and most have four-posters. Pastimes available tocally include archery, clay pigeon shooting, falconry, quad biking and hot-eir ballooning. Call +44 01798-831992

■ Celebrate in the Carpathians with Voyages Jules Verne (+44 0171-616 1000). A five-day, 2995 tour leaving London on December 29 for ROMANIA will visit Vlad the Impaler's castle, the medieval town of Brasov (for a banquet) and Bucharest, for a December 81 concert, another benquet, and a party till 3am in the People's Palace, said to be

the world's second largest

Pantagon; you probably won't

building. (Largest is the

be banqueting there.) SYDNEY tolk will all be down at the harbour on the big night, inaugurating a year that will also see them stage the Olympics. Fireworks, of course, with the harbour bridge and opera house as backdrops. A concert for kids and another for adults; street entertainers; a Sydney Mask Party, where revellers will don "Sydney lifestyle-inspired masks"

Manly ferry?); a Lord Mayor's

Pionic; and no doubt the usual

food and drink. Contact Aussie Helpline, 0891-070707, or

Travel into the next century on one of ORIENT-EXPRESS's trains. The European one will be going from Paris to Venice to Portofino (New Year's eve party at the Hotel Cipriani); the Eastern & Oriental wilt go from Bangkok to Singapore (party at "a secret venue" - ie, "we're still working on it"); the Great South Pacific Express will run from Melbourne to Caims (party in Sydney); the British Pullman will travel through the English countryside with a gala dinner, stopping at

midnight for a platform party. Room, worldwide, for just 2,000 people, who should call +44 0171-805 5100. TONGA, a tiny island just west of the date line, plans a

month-long festival. New Year's

eve will feature a Royal Bonquet,

waterfront party with traditional

prayer caremonies and a

singing and dencing. The only big hotel has been booked up for months, so most visiting revellers will be based on cruise ships moored offshore. Get the latest from www.tonga2000.net (not working yet) or phone +676 23507. SC

in PARIS for the new year? Paris Travel Service (01992-456025) can book you on a 200-seat Dinner Cruise vessel: a black-tie dinner and dance as you cruise the Seine on New Millennium's eve. Three-night packages start at £301.

M No need to wait for Europe's SKI RESORTS to decide what special offers they will have for the millennium. Powder Syme (0181-871 3300) has already reserved rooms for guests; book now and you'll be informed of any new ideas made available later. Extras such as champagne and stretch irmos are also bookable now. Prices start at £948 (for a week in Flims.

John Westbrooke

All at sea as the champagne corks pop

Splicing the mainbrace in the Pacific? Bill Glenton looks at what cruise companies are offering those who want to party while afloat



dissects that ocean and that is where five cruise ships will position themselves at midnight on December 3. Some 3,000 passengers are expected to celebrate aboard these ships.

The race to be first has already begun, with many of the berths sold out in spite of the high fares.

These range from £17,000 to £40,000 in the top-class sisters, Silver Wind and Silver Cloud, and from £8,000 to £22,500 in the amart Crystal Symphony. Cheap, by comparison, are the £2,600 to £6,500 in the lesser-rated Sky Princess, but that is for the cruise only.

Passengers, however, are promised double value for their money since they can celebrate the millennium

This quirky situation results from the fact that the point where the ships cross the interpational dateline, in the south-west Pacific, (it normally follows the 180th meridian) has been artificially bent east. Originally devised to bring some islands within the same time zone as commercial neighbour Australasia, it means passengers get an extra

December 31.

Choosing which of the five ships to cruise in can depend on which of their itineraries you prefer.

The Crystal Symphony. 50,000 tons, makes a 17-night voyage from Auckland to San Francisco. The smaller Sky Princess will be on a 16-night trip between Sydney and Auckland via lonely Chatham Island, close by the Meridian, while the 70,000ton Legend of the Seas makes a 21-night trip over a similar route.

The Silver Wind is bound from Cairns, Queensland, to Tahiti and the Silver Cloud from the latter to Auckland (15 and 14 nights respectively). Both meet up in Fiji to cross the meridian in tan-

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California (Salaha)

The Artist

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APPROXIMATE REPORT

A 50 Kathy 23

error dents, on the second

important there will still be



Snooze cruise; waist to see in the millennium quietly - you can certainly do that if you pick the right ship

plenty of opportunities to celebrate the big event on a what about a cruise in Cuncruise - and, mostly, at Champagne corks will pop

aboard ships from Bali to Rio and from the Caribbean to the Seychelles. The farther east you sail from Greenwich the closer you get where like the Indonesian islands a second-best choice.

It could be especially exciting to celebrate on an adventure cruise. Why not wel-come in the millennium with the penguins and sea elephants in Antarctica? The British-run Marco Polo, 20,000 tons, will be among If being first is not that the small fleet in icy

Too cold and too far? Then Costa Rica to Malaysia. ard's 24,000-ton Vistafjord in Christian celebration can out for the 20,000 ton Pacific Princess's journey to the

Choosing the type of ship to suit the occasion could be ied way of doing so. to 2000, which makes some- a factor. Do you feel it is more appropriate to enter a new century in one of the many, ultra-modern ships or do you prefer a ·more old-fashioned type of sea transport? If the latter, you can book in one of a score of comfortable sailing ships now crinising.

Those such as the Star Clippers and "Wind" ships will hold festivities from

On the other hand, why go to sea at all? Cruising one of Egypt? Those who want a several inland waterways could provide extra attractions with the opportunity to join in with local celebra- more suitable to enter a new tions. Trips along the Rhône, millennium in the British Danube and Nile offer a var-

> Some sea-going cruises have also been arranged so that passengers are in port to share in the local fun at the witching hour. The cruise which tainly no need to worry smart Crystal Harmony will offers another kind of double about drinking and driving. be in glamorous Rio de Janeiro amid its fireworks extravaganza while Cunard's tered to commemorate the ments including stage specfirst-class Royal Viking Sun enters into the festive displays in Acapulco.

sengers will have a calypeo celebration in Barbados but if you prefer the greater intimacy of Cunard's luxurious 4.000-ton twins, the Sea Goddesses, you might also find it any to celebrate for many Virgin Islands.

ther than heading all the way celebration. P&O's 27,000ton Victoria has been char- preparing lavish entertaincentenary of the Union-taculars with leading artists; Castle Line by following its gala banquets; champagne

ampton. It will also mark the millennium in Cape Town. A glass of sherry or whicky by your own fireside may seem as good a way as but the big demand to do so on a cruise shows it must

hold a special appeal. Perhaps it is the fact that there are few places better than a cruise ship to engender a lively party atmothere is a sphere - and there is cer what is cruise which tainly no need to worry cruise. . Nearly all the lines are

unsurprisingly, be a variation on the King-Neptunecrossing-the-line theme. No doubt it is all going to be exceptionally good fun but I advise caution about being carried away by what, in nearly every case, will be

also be "surprise items".

which lines are keeping

close to their chests

although I suspect some will.

just a brief interlude on what is a normal scheduled Will it be worth the extra high fares nearly all cruise companies are charging?

You always pay more for a New Year cruise - mainly because demand is greater Mays in Acapulco, once famous mail route to midnight buffets and comfor this normally festive sea-The 70,000-ton QEI's pas- South Africa from South-memorative gifts. There will son - but some of the mark-

tised for the millennium ones do look to me a little greedy. It definitely pays to shop around. What will count after a week or two or more aboard

cial celebration as the over-

edly stiff rates being adver-

all standard of the ship, her service and its meals. Most travel agencies have

fairly full details of millennium cruises although the best bet are those specialising in seaborne holidays. You might also seek information from the Passenger Shipping Association, 288 Regent Street, London WIR SHE. Tel: 0171-436 2449, fax:

Continued from Page XVI

The centre of the earth: Carlsbad caverns, New Mexico

For the most speciacular natural setting of any millennial celebration, head for the Carlsbad Caverus National Park, near New Mexico's Texas border. There, at 10pm on New

Year's eve, 250 guests will attend a choral ceremony, held 830ft underground, in a huge sculpted chamber once used by Pueblo Indians. The caverns are the largest in North America and are listed by the United Nations as a World Heritage Site. □ Cost: On request. Contact: Carl Ecklund, tel: 001 619 590 1115, fax: 590 1119.

The far corners of the globe: the South Pole expedition

Commemorate the spirit of

in history), by filling one of the three remaining places on a seven-person, 60-day expedition from the Antarc- you, and only black sky tic coast to the South Pole. Plying via Chile in late Octoher, the party, which on the cutting edge of a new includes two guides, hopes to arrive at the Pole on the

evening of December 31. No experience is required, but applicants must attend a polar selection course. Most wanted: fit, self-reliant team players, with big hearts and deep pockets. □ Cost: £55,000 pp; The Polar Travel Company, tel:

01364-631470, fax: 631270, The rim of the planet: a Mig-25

Hight from Zhukovsky, Russia Flying at 80,000ft, at twice the speed of sound, you can look down from the cockpit the globe.
With 99 per cent of the recorded history.
A new 9ft golde

millennium, in the fastest jet in the Russian airforce. No pilot's licence is required. A three-day package from the UK includes return flights to Moscow, flight briefing, cockpit train-

ing and a medical check-up at the Zhukovsky airbase. One holiday video that really would impress the neigh-

☐ Cost: £7,465; Wildwings: 0317-984 8040, fax: 961 0200.

The ancient world: Giza, Cairo, Egypt

From sunset, on December 31, a 12-hour festival of art of your Mig-25 supersonic, the "12 dreams of the sun" -

the most expensive holiday actually see the curvature of of Giza, celebrating the sev- lical theme park, where staff seuses; cuisine from Express if in Shanghai, or a enth millennium of Egypt's and guests wear robes and Morocco, India and Europe: desert safari and starlit din-A new 9ft solden cover for

Some like it cool, some like it hot

the summit of Cheops pyraabove, you are cruising mid will provide a focus along the borders of space, for events, directed by Prench musician Jean-Michel Jarre

Coinciding with Ramadan (hence no alcohol will be [] Cost on request. Contact: allowed), this event should make a fabulous finale to a Nile cruise, at a site in which spiritual significance spans time.

Cost: On request; Nile Croises through Abercrombie & Kent tel: 0171-730 9600, fax: 730 9576.

The Christian world: Nazareth theme park, Israel

This real-life replica of a village from the time of Christ, in the town where Jesus uring aromatherapy, using and culture - symbolising spent most his life, is a oils of organic plants from ence; so, too, are "signature working olive farm, vineyard the Atlas Mountains; mas- services" - such as a ride on

Planned to open next December, it will add a novel

dimension to a visit to the huge party and concert due ent". in each participating hotel. to be held in Nazareth on Cost: \$4,500-\$5,000pp, for Cost: \$100,000; Ritz-Carl-New Year's eve.

Israel 2000 Agency; tel: 313 6601. 009723 609 4755, fax: 609 4762

Celebrating the senses: Dar Tamana, Marrakech

A melange of Moresque and Art Deco inspiration, Dar Tamena is the millennium's most desirable house-party destination.

Throughout 2000, it is package to celebrate the pleasures of the senses, featand give - and a line - and a line of the state of the st

impromptu concerts by ner, in Dubai. Andalucian quartets, and stunning Costume Balls, four days, you may be with themes from "Casa- relieved that this treat is A party for the Hoty Land and a focus for a blanca" to the "Ancient Ori- only available to one couple

> 16-20 guests; Western & Ori- ton Hotels: 0800 234000. ental: tel: 0171-313 6600, fax:

Sensational celebrations: the Ritz-Carlton millennium experience

An 18-caret gold Bulgari Chrono watch on your pillow, a magnum of Taittinger with two Baccarat flutes as mementos beside your bed, a offering an eight-day holiday Jaguar for the weekend.

These little extras are all Hotels' millennium experiPriced at \$100,000 for just

in each participating hotel.

A family party: Eilean Shona House, Scotland

with their families, near style, this 2.200-acre orivate island, just off Scotland.

has no equal. With a 100-acre forest. sandy beach, and long sea cians from every country well-suited to nature walks, neously in London and in part of the Ritz-Carlton bill climbs, and forays by Accra, Ghana. Most defiboat to the deserted shores nitely the places to be.

nearby. Its large Gothic-style about the "On the Line" pro-

porary cuisine is excellent. Pipers, musicians and fireworks will be on hand to add to the festivities. Cost: On request: Western & Oriental: 0171 313 6600, fax:

world: 'On the line'. London and Ghana

This is an inspired initiative between Oxfam, WWF, VSO, War Child and Channel 4, set up to organise events and educational programmes that celebrate life, culture and mutual understanding For those who want to be in the countries along the meridian line, including the home, yet still celebrate in UK, France, Spain, Mali.

Ghana and Togo. The focus of celebrations south-west of Fort William, on the eve of the millennium will be twinned carnivals featuring groups of musiviews, it is a tranquil haven, involved - held simulta-

☐ For more information

All white on the night?

Arnie Wilson discovers that the year 2000 is already causing headaches for the ski industry

know it) - is millennium fever going to play havoc with everyone's skiing plans?

Many European hotels and British tour operators such as Ski Scott Dunn, Le Ski and Meriski are giving preference to regular clients. Some hotels will be insisting on a minimum stay of 12 or 14 nights and chalets that are normally available may not are far too busy with this winter be in 2000. Even travel insurance to worry about next season." could be a problem; some companies are bringing in exclusion clauses to cover delays caused by a "Year 2000 issue" which could even be extended to include medical, personal and repatriation

Meanwhile, according to Snow Line, a specialist ski travel agent: "Tour operators risk blowing what should be a millennium bonanza if they continue to drag their heels over the announcement of prices and dates.

"They are playing a waiting game - they want to see what everyone else will be charging before coming up with their prices. Some will no doubt be greedy to maximise the profit

Snow Line adds: "We have queues of people wanting to firm up their millennium holiday. Many are saying that unless the operators pull their fingers out they will be forced to make alternative arrangements. It's a ludicrous situation." To be fair, it is not just tour operators who are to blame for uncertainty. The situation is not helped by the fact that Christmas day 1999 and New Year's day 2000 are Saturdays always an awkward situation in any normal year.

This poses a problem for hotels and anartments for whom Saturday is the traditional changeover day. Lizzie Norton of Ski Solutions has rather more sympathy for the tour operators than her Snow Line rivals have.

Operators can only sell chalets on which they have contracts. But how can they possibly tell - without a long-term contract - whether they will still have the same chalets in 2000, especially as that might well be the one year when the chalet owners themselves want to spend the festive season in them? Some tour operators will not even have completed contracts until July. "Most hotels are not taking

But is it worth the paper it is

"One thing's for sure - no one will want to be leaving a resort on January 1 nursing a millennium hangover. All in all it's a bit of a nightmare for the poor travel agent in the middle. Mil-leonium or not, I think suppliers

John Bennett, deputy chairman of Britain's Association of Independent Tour Operators, which represents 160 small, specialist travel companies, denies that operators are to blame for the delay in confirming bookings and prices. He says it is partly ecause European suppliers ply don't understand all the

'We anticipate strong demand for self-drive and independent travellers'

interest in the millennium from people in the UK". Says Bennett: It's difficult to get prices out of hoteliers, for example. They normally fix prices for the winter season in March or April, and they cannot understand why we need them earlier for the millennium. And while there may be some profiteering by suppliers. don't forget that hoteliers may have to pay many times the normal rate to ensure staff work over the millennium." Meanwhile the Association of British Travel Agents has advised its members that Year 2000 exclusions in travel insurance are "a most serious matter".

In a circular, ABTA says: "if members sell an insurance policy to a client travelling during the millennium, even pointing out that there is no medical cover, it may not prevent you from being sued successfully. It is quite possible that a court would say it is unreasonable to sell a client an insurance policy that does not actually cover him for what in the client's eyes would probably be the largest risk."

Most companies, including

ever mind the end bookings until January. The big Commercial Union and General of the world (as we operators have pre-booking registration – early booking without such as Fogg Travel Insurance, such as Fogg Travel Insurance, have decided not to enforce exclusion clauses which relate to emergency medical expenses. This could lead to a hizarre sce-nario. Ken Palmer, Fogg Travel's general manager, says: "This means our insurers are providing cover for a catastrophe such as a plane falling out of the sky with 400 people on board, but they will not cover a client's bag being sent to Alaska instead of Athens if the cause is due to a Year 2000 problem. But we have reason to believe there are still companies which are not making an exception for emergency medical expenses. It is vital that skiers check with their insurance com-

> Joanna Yellowlees-Bound, of Erna Low, says French self-catering apartment agencies have not yet decided prices or details. The only thing they agree on at present is that the arrival date will change to Sunday-to-Sunday

- December 26 to January 2. And then in mid-January there will be a six-day week to bring it back to the normal Saturday arrival

"One agency is talking of increasing the prices by 30 per cent on the basis that they will be including extra services in resort, such as champagne and involvement in miliennium parties - but this is all very vague. We are accepting bookings on a refundable-deposit basis of £100 per booking, so that clients can be sure of getting the accommodation they want. "Although we do not know the

prices, we know we will have our usual allocation. If, when prices are released, the client does not want to go ahead, we will refund in full. "We are anticipating a strong

demand for self-drive and independent travellers - especially as lot of people have a fear of the millennium bug and may not want to fly and get involved with airlines' computer systems." Bennett suggests a better idea would be to ski later in the win-

"Why book a trip for that oneweek period over the New Year when there's so much doubt about what can and cannot be guaranteed? By skiing later you can avoid the risk of inflated prices or problems outside the control of your tour operator."

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the Okavango Delta & the Victoria Falls.

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It's not neo-classical, it's the real thing

John Westbrooke enjoys the best spot in Sorrento

what makes the Grand grand, look out of the window. Nothing much below - the hotel is nerched on the edge of a 150ft cliff busts adorning the terrace wall is a view of, yes, grandeur: the Bay of Naples and. on the horizon, Mount Vesu-

There are 100 hotels here in Sorrento, a pretty town of the prints on the walls are 20,000 people, but this is one old (the mirror in my room of the few open year-round. Technically, it has four stars: "We have been told we should be a five-star hotel." says the manager, Mario Damiano. "But we would have to pay much more in are the real Roman thing. tax, Anyway, see know we

The Excelsior Vittoria certainly has the best spot in Sorrento. On the land side, a driveway through a five-acre garden of orange groves and olive trees leads to the Piazza Tasso, in the middle of town, close to the nedestrian streets, the railway station, the shops full of inlaid wood (tacky) and limoncello liqueur (tasty). On the sea side is a private lift which takes guests down the cliff to the modest fishing port and lidos, and to the ferries and hydrofoils that will whisk them off on day

trips to Naples or Capri. Inside, the hotel has a pleasantly old-fashioned feel. Among the chain-hotel goodies not on offer: toothbrushes, ankle-deep carpets and chocolates on your pillow, all things which would have baffled the 19th-century grand tourists who first made Sorrento an unofficial British colony.

What you do get is the things they would have

f you want to know country houses: his rooms. civilised eating and a view. bedroom. Damiano lives over the shop, and guests are invited to bas-relief carving and freephone him if they have problems. He does get some silly calls, he admits, but that is

> the hotal placed in the minibar will be charged for. Much of the furniture and was losing its reflectivity. just like some in country houses). So, it turned out, were the statues in niches in the stairwells, which I had taken for neo-classical. They dug up in excavations on the

said, once had a villa on this More recently, Caruso and Sophia Loren stayed here. Jack Lemmon and Juliet have enjoyed a Big Mac. Mills were filmed here in Billy Wilder's sunny comedy

property: Augustus, it is

the price of providing per-

sonal attention. The only

meanness: notices warning

that any food from outside

the Princess Margaret suite. named after another guest. with a gigantic bed and a balcony which wrapped

from bathroom as well as and plans for rebuilding. Marble or ceramic walls, in local bureaucracy.

coed cellings decorate a the Sorrento peninsula, taknumber of rooms, including an assembly room which was once a cellar and a wartime US army base where slowly being dug up from General Mark Clark came to watch the tarantella danced. But the finest spot is the dining room, under a series of shallow domes with trompe l'oeil frescoes in man guide to Pompeii the which putti frolic against a

had a French-influenced ish: excellent, but I suspect the other, and angels danc- but is surely only dormant.

politan yellow, with a large ble through French doors after an earthquake in 1980, flasco is an Italian word.

Trips are available around

Amalfi, and to Pompeii and Herculaneum, still very the ash and mud which -Vesuvius dumped on them in AD79. The finest artworks from them are now in Naples: I found the Every-

blue sky. The cooking is And you can go up Vesu-broadly Mediterranean vius. The funicular which once went there (the song "Funiculi Funicula" was composed for its opening) pork dinner with has long closed but you can breaded mozzarella to drive most of the way up. start and gelato to fin- Then climb the last kilometre up a grey cinder track, that, with Sorrento at one to peer down into a crater end of the room, Vesuvius at which looks dull and quiet ing overhead, I would even . The Grand Hotel Excelsion Vittoria can be booked Begun in 1834, the Excel- through tour operators such sior Vittoria has been owned as Magic of Italy 1+44 by the same family ever 0181-748 7575), or direct on My own room was part of since. It consists of two 0800 969 765 1677 5358 (tollvaguely classical buildings freel. Rooms start at about in Pompeilan red and Nea- 260 per person. Free pickups from Naples airport are pro-Swiss chalet in between. A vided although the hunt for around the corner, accessi- fourth wing was demolished my driver reminded me that

In search of a changing Silk Road

andra Tolstoy and Victoria he went! - and because it

Seven centuries after Marco will be Lucy Kelaart, Alex- Polo would have seen it (if Polo returned to Italy with tales of Kublai Khan and the orient, four British women plan to take the Stik Road east by horse and

ancient trade route during

University. The idea came from Merlin, a British charity that's why we want to do it Sophia Cunningham, who studied the history of the

world disaster areas.

Westmacott, all former fel- won't be for much longer. low students at Edinburgh The building of airports and hotels and improvements to The trip is being under the road will mean easier. taken to help raise funds for access for tourists. "So providing emergency aid to now. It'll never be the same again," Cunningham says. Why now? Because the B Sponsorship inquiries her degree course; with her route is still much as Marco welcomed: tel 01745-813295.

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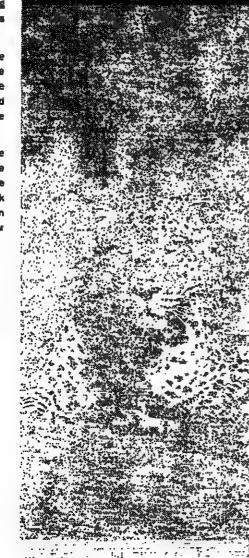
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Stay 3 nights at the Knysna River Club. Visit Oudtshoom and Piettenberg Bay.

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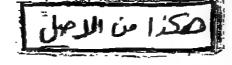
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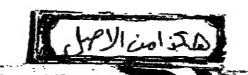
and 2 lunches.





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INTERNATIONAL ARTS GUIDE

What's on around the world

MANSTERDAM

EXHIBITIONS Rijksmuseum Tel: 31-20-673 2121 Adriaen de Vries (1566-1626): Imperial Sculptor. Major exhibition celebrating the work of the Dutch sculptor, who worked for Emperor Rudolf II among other European courts. Around 40 bronzes will be on display, borrowed from public and private collections in Europe and the US. One highlight will be the fountain statues from the gardens of the Swedish palace of Drottningholm, reconstructed the museum's Gallery of Honour, to har 14

 Japanese Scrolls: 40 works from the collection of the Kumamoto Prefectural Museum of Art in Japan. These include depictions of courtesans, daily life and poetic illustrations of nature; to Jan 17

The Festival of Lithography: celebration of the 200th anniversary of the discovery of lithography. Based on the mutual repulsion of water and fat, this new printing technique represented a major advance, and meant that for the first time it was unnecessary to scratch and cut into a plate. The exhibition consists of works from the collection, including lithographs by Toulouse Lautrec, works by Cézanne, Manet, and Dutch artists including Van Gogh; to Jan 10

BARCELONA EXHIBITION

undació Joan Miró el: 34-93-329 1908 www.bcn.tjmiro.es Magritte: an exhibition celebrating the centenary of René Magritte's birth, It contains over 90 paintings and 50 photographs by the Belgian Surrealist, which are grouped into 5 recurrent themes from his work; to Feb 7

E BERLIN

EXHIBITION Hamburger Bahnhof Sensation: works from the Saatchi collection of Young British Artists including Damien Hirst, Rachel Whiteread and the Chapman brothers. Originated at the Royal Academy in London last year, where it attracted 350,000 visitors and maximum publicity; to Jan 17

BIRMINGHAM

EXHIBITION rmingham Museums and Art

Tel: 44-121-235 2834 Sir Edward Burne-Jones: comprising more than 200 works, including tapestries and jewellery as well as paintings. A second generation Pre-Raphaelite, Burne-Jones also had a lifelong working relationship with William Morris, for whose firm he exhibition will travel to Paris later this year, to Jan 17

BONN

EXHIBITION Kunst- und Ausstellungshalle der Bundesrepublik Deutschland Tel: 49-228-917 1200 www.kah-bonn.de High Renaissance in the Vatican: Art and Culture at the Papal Court (1503-34). The early 16th century saw Papal Rome establish itself as the centre of art in Europe: the Vatican commissioned works from such great artists as Leonardo da Vinci. Michelangelo and Raphsel. This exhibition displays some of the masterpieces that resulted, as well as detailing the contexts in which they were produced: to Apr 11

■ CHICAGO EXHIBITIONS

Art Institute Of Chicago Tel: 1-312-443 3600 www.artic.edu Japan 2000: Kisho Kurokawa. This finale of a trio of exhibitions is a celebration of the work of one of Japan's most distinguished architec Kisho Kurokawa Gallery; to Jan 3 Julia Margaret Cameron's Women:
 60 vintage prints of Victorian subjects such as Julia Jackson, mother of Virginia Woolf, and Alice Liddell. Cameron's portraits of Browning, arwin and Tennyson are well known. Her dramatic, psychological pictures of women are less familiar. The exhibition

will travel to San Francisco; to Jan 3

■ COLOGNE

OPERA Oper der Stadt Tel: 49-221-221 8240 Die Vögel: first modern staging for Walter Braunfels's opera. Premiered In 1920, it was banned by the Nazis and largely forgotten until a recent recording. This production is conducted by Bruno Weill and staged by David Mouchtar-Samorai; Jan 2, 8

E COPENHAGEN

EXHIBITION Louisiana Museum of Modern Art, Humlebaek Tel: 45-4919 0719 www.louisiana.dk An Miró; major retrospective imprising 140 paintings, drawings and sculptures, including works borrowed from the artist's family since the exhibition was shown in Stockholm over the summer; to Jan 10

DUBLIN

the V&A's collection. Consists of 250 works of art ranging from Leonardo da



production directed by Brian Brady and designed by Conor Murphy, with lighting by Trevor Dawson; to Jan 23

EDINBURGH

EXHIBITION National Gallery of Scotland Tel: 44-131-624 6200 Turner Watercolours: shown every lanuary for 90 years, this ma selection of 38 watercolours was bequeathed by Victorian collectorHenry Vaughan in 1900; to Jan 31

■ FRANKFURT

EXHIBITIONS Schim Kunsthalle Tel: 49-69-299 8820. Alberto Giacometti: retrospective of work by the Swiss sculptor and painter. Also featuring prints and drawings, the exhibition charts Giacometti's artistic output from his early years in 1920s Paris to his death in 1966; to Jan 3

Treasures from King Zhao Mo: king Zhao Mo's tomb, sealed in 122 BC, was accidentally discovered in 1983 by construction workers. This exhibition displays the many treasures buried with Zhao Mo, the first time they have been seen in the west: to Jan 22

HAMBURG EXHIBITION

Kandinsky, Chagall, Malevich and the Russian Avant-Garde: show tracing the art movements between the Russian revolutions of 1905 and 1918, and focusing on attempts by artists to fuse aspects of folk culture with Western . modernism. Many of the 100 works on display are on loan from Russian museums; to Jan 10

HARTFORD

EXHIBITION Wadsworth Atheneum Pieter de Hooch (1829-1681): previously seen at Dulwich Picture Gallery, this first-ever one-man show of the Dutch painter offers a reassessment of his work. Lass celebrated than his contemporary, Vermeer, de Hooch was a pioneer in his own right, and a specialist in maternal and domestic subjects; to Feb 27

HELSINKI

EXHIBITION Museum of Contemporary Art Tel: 358-0-173 361 Bruce Nauman: spanning the career of the American artist, b.1941, this exhibition focuses on his relationship with language, and includes sound and video installations as well as neon pieces like One hundred live and die (1984): to Jan 24

HOUSTON **EXHIBITIONS**

Museum of Fine Arts, Houston Tel: 1-713-639 7750 www.mfah.org A Grand Design: The Art of the Victoria and Albert Museum, North American tour of selected objects from

Vinci's notebooks to shoes by Vivienne Westwood, presented in sections which address changes in the institution's collecting policy. The exhibition will travel to San Francisco next year, before returning to London where it will be displayed in the V&A itself; to Jan 10 Brassai: The Eye of Paris. A

retrospective of Brassai's work that coincides with the 100th anniv his birth. Dubbed 'the eye of Peris' by Henry Miller, Brassaï celebrated that city in photographic series like 'Dance', 'Society' and 'Graffiti'. The exhibition includes the widely-acclaimed 'Paris at Night' series: photographs taken during nocturnal wanderings with the flaneur and poet Léon Paul Fargue. Also on view are portraits of other artists and writers of Brassal's time, among them Dali, Picasso and Genet; to Feb 28

LAUSANNE EXHIBITION

Musée Cantonal des Beaux-Arts Tel: 41-21-312 8332 Courbet - artist and promoter: more than 70 paintings by Gustave Courbet (1819-77), including landscapes, portraits and nudes. The exhibition concentrates upon Courbet's artistic output after 1855, especially that produced during his exile in Switzerland: to Feb 21

LILLE EXHIBITION

Palais des Beaux Arts Goya: un regard libre. Small-scale exhibition which explores the range and pecularities of the painter's work. The 50 works on display include loans from around the world; to Mar 14

LISBON EXHIBITION

Fundação Arpad Szenes - Vieira da Tel: 351-1-388 0044 Alberto Giacometti: Arpad Szenes and /leira da Silva met Glacometti in the 1930s, through gallery owner Jeanne Bucher. The 19 sculptures and 20 drawings on display here are loaned by the Maeght Foundation, Saint-Paul, and include such famous pieces as Femme de Venise and Homme qui

E LONDON **EXHIBITIONS** British Museum

marche; to Jan 31

Tel: 44-171-636 1555 The Golden Sword: Stamford Rafflet and the East. Display bringing together biographical material with objects collected by the self-taught acholar who is chiefly remembered as the founder of Singapore. Includes musical instruments, masks and shadow puppets collected by Raffles when he is Lieutenant Governor of Java (1811-16), and plant and animal drawings; to Apr 18

Royal Academy of Arts Tel: 44-171-300 8000 Charlotte Salomon: born in Berlin In. 1917, Charlotte Salomon died in Auschwitz in 1943, after living in hiding in the south of France for three years, during which time she produced a series of 769 gouaches called Life? Or __national d'ext moderne for renovation_

Theatre?, exhibited here, which has been interpreted as a form of self-protection against the violence of the Nazi era; to Jan 17

Tate Gallery Tel: 44-171-887 8000

John Singer Sargent: large-scale retrospective containing 150 paintings, including major public and private American and British society portraits from the 1880s to the early 1900s; to Jan 17

Victoria and Albert Museum Tel: 44-171-938 8500 Aubrey Beardsley: more than 200 drawings, prints, posters and books created during the brief period of the artist's fame. A member of the fin-de-siècle avant-garde, Beardsley left England for Dieppe following Wilde's disastrous libel action and subsequent imprisonment in 1895. The exhibition, which arrives in London after touring in Japan, marks the centenary of Beardsley's tragically early death, aged 25; to Jan 10

THEATRE

Albery Tel: 44-171-876 1115 Mr Puntila and his man Matti: Kathryn Hunter's production of Brecht's satirical comedy moves from its October run in the Almeida Theatre to the West End. Comic duo Sean Foley and Hamish McColl play the title roles; Jan 2, 4, 5, 6, 7, 8

National Theatre Tel: 44-171-928 2252 Betrayal: by Harold Pinter. Trevor Nunn directs Pinter's 1978 play, with a cast including Anthony Calf and Imogen

Stubbs; Lyttleton Theatre; Jan 2, 4, 8

MUNICH EXHIBITION

Haus der Kunst Tel: 49-89-211270 Lyonel Feininger (1871-1956): From Gelmeroda to Manhattan. First comprehensive retrospective of the German-American painter, who was forced to leave Germany during the 1930s and subsequently worked in New York. The 120 works on display include important public and private loans, and paintings by some of Feininger's contemporaries; to Jan 24

NEW YORK EXHIBITIONS

Guggenheim Museum

Brooklyn Museum of Art Tel: 1-718-838 5000 Royal Persian Paintings: the Qajai epoch 1785-1925. Display of life-sized portrait paintings, manuscript illumination and decorative arts which were the specialities of this previously overlooked period of Iranian art history; to Jan 24

Tel: 1-212-423 3500 www.guggenheim.org 1999, Rendezvous: in their holdings of artworks from 1900 to 1945, the Guggenheim and the Centre Georges Pompidou are remarkably similar, with one often owning a preliminary study for a painting in the collection of the other. The closure of the Musée

has created the unique opportunity for this exhibition, which brings together related works by the same artist, or works by different artists on the same thems. The display, which seeks to highlight differences as well as similarities between the collections. includes works by Picasso, Matisse, Kandinsky and Chagali; to Jan 24

Guggenheim Museum Sollo Tel: 1-212-423 3500

www.guggenheim.org Premises: Invested Spaces in Visual Arts, Architecture & Design from France, 1958-1998. Exploration of the different ways in which artists have engaged with space. Display ranges across installation, film, video, photography and architecture. Includes works by Yves Klein, Le Corbusier, Louise Bourgeois and Sophie Calle: to

Metropolitan Museum of Art Tel: 1-212-879 5500

www.metmuseum.org Degas Photographs: bringing together 35-40 photographs, most of which were made in the 1890s. Mainly they are figure studies, self-portraits and portraits of the artist's circle; to

 From Van Eyck to Brueghel: Early Netherlandish Paintings, Almost 100 paintings from the collection, exhibited together for the first time; to Jan 3 Heroic Armour of the Italian Renaissance: Filippo Negroli and His Contemporaries. Comprehensive survey of the classically inspired armour made by the most celebrated Italian amourer of the 16th century. Includes more than 60 richly decorated suits of armour, worn by Renaissance kings and captains, Includes public and private loans from Europe and North America; to Jan 17 The Nature of Islamic Omament Part II: Vegetal Patterns. Second in a

four-part series on Islamic omament

includes rare brocades and carpets; to

from the 9th to the 18th century.

Museum of Modern Art Tel: 1-212-708 9480

Jan 10

www.moma.org Jackson Pollock: first US retrospective of the Abstract Expressionist since that held at MOMA in 1967. Including more than 100 paintings and 50 works on paper, the show promises to be a highlight of the New York art calendar - then transferring to London; to Feb 2 Projects 66: Campana/Ingo Maurer. Exhibition bringing together works by German lighting designer Ingo Maurer and Brazilian furniture designers Fernando and Humberto Campana; to

Pierpont Morgan Library Tel: 1-212-685 0008 Master Drawings from The State Hermitage Museum, St. Petersburg, and The Pushkin State Museum of Fine Arts, Moscow. 120 European drawings dating from the 15th to the 20th centuries, some of which have never before been exhibited outside Russia. Includes works by Rembrandt and Dürer, with particular emphasis on the modernists Matisse and Picasso; to

OPERA

Metropolitan Opera, Lincoln Center Tel: 1-212-362 6000 www.metopera.org Die Fiedermaus: by J. Strauss. Revival conducted by Patrick Summers. Cast includes Carol Vaness, Jochen Kowalski and Bo Skovhus; Jan 2, 8

■ OTTAWA

EXHIBITION National Gallery of Canada Tel: 1-613-990 1985 Songe on Stone: James McNeill Whistler and the Art of Lithography. Previously seen in Chicago, around 200 works by the American expatriate including drawings, etchings and

paintings; to Jan 3 PARIS **EXHIBITIONS** Grand Palais Tel: 33-1-4413 1730 Gustave Moreau; more than 140 works by the Symbolist painter, held in high esteem by his literary contemporaries. Includes studies and drawings as well as oils, many of them

depictions of historical and mythical subjects; to Jan 4 ● Lorenzo Lotto: Rediscovered Master of the Renaissance, 50 paintings, many of them on loan from churches and museums in Italy. The exhibition has been seen in Washington and Bergamo; to Jan 11

Musée d'Orsay Tel: 33-1-4049 4814 www.Musee-Orsay.fr Millet/Van Gogh: display of 85 works brought together to demonstrate the influence of Millet on the work of Van Gogh. These include paintings, drawings and pastels by both arti

many of them on loan from the Van Gogh Museum in Amsterdam; to Jan 3 Stephane Mallarmé (1842-1898): retrospective exploring the work of the French Symbolist poet, and his Influential relationships with his literary and artistic contemporaries: to Jan 3 Musée du Louvre

Tel: 33-1-4020 5151 Portraits from Roman Egypt: touring exhibition of mummy portra originated at the British Museum. Painted on wooden panels, linen shrouds and plaster masks, they were created during the first three centuries of Roman rule in Egypt; to Jan 4

M PHILADELPHIA EXHIBITION

Philadelphia Museum of Art Tel: 1-215-763 8100 www.philamuseum.org Delacrob: The Late Work. Organised to celebrate the 200th anniversary of the artist's birth, this exhibition, first seen in Paris, includes 70 paintings and 40

works on paper from private and public collections around the world; to Jan 3

■ PRAGUE

DANCE National Theatro of Prague Tel: 420-2-2108 0131

www.anet.cz/nd The Nutcracker: by Tchaikovsky, in a staging by Russian choreographer Juni Grigorovic, with sets and costumes by Smon Virsaladze; Jan 5

■ PROVIDENCE

EXHIBITION The RISD Museum Gifts of the Nile: Ancient Egyptian Faience. Display of ceramics, known as faience, a mixture worked by the Egyptians and regarded by them as magical. Brings together over 200 works, including statuettes of kings and gods, animals, and inlaid boxes ranging over 5000 years. Includes

works borrowed from public and

private collections in the US and

ROME

Europe; to Jan 3

EXHIBITIONS Palazzo delle Esposizioni Tel: 39-06-474 5903 Valori Plastici: taking its title from that of a short-lived magazine published by Roman art dealer Mario Broglio, who managed such names as De Chinco, this show includes sculpture and paintings, mainly by Italian artists, but also including little-known works by Picasso, Kiee and Grosz; to Jan 18

Palazzo Ruspoli Tel: 39-6-6830 7344

www.palazzoruspoli.it The Denis Mahon Collection: last stop for the touring exhibition of more than 80 Italian Baroque paintings collected by Denis Mahon. Includes works by Guercino; to Jan 15

ROTTERDAM

EXHIBITION Kunsthal Tel: 31-10-440 0300 Up to the bare bones: Human remains in museums, An estimated hundred thousand human beings find their last resting place in Dutch museums. whether in the form of mummies, skulis, skeletons, reliquanes or otherwise. This exhibition is the first to address this phenomenon directly. presenting exhibits from medical,

SAN FRANCISCO

sacral, ethnographical and

archaeological collections; to

CONCERTS Davies Symphony Hall Tel: 1-415-864 6000 www.sfsymphony.org San Francisco Symphony Orchestra: conducted by Michael Tilson Thomas in works by Mendelssohn, Barber and Mahler. With violin soloist Gil Shaham: Jan 6, 7, 8

TOKYO

EXHIBITION Metropolitan Museum of Photography Tel: 81-3-3280 0031 Love's Body: Rethinking Naked and Nude in Photography. Includes works by Alfred Stieglitz, Robert Mapplethorpe and Catherine Opie: to Jan 17

VIENNA

OPERA Staatsoper Tel: 43-1-51444 2960 Emant: by Verdi. Conducted by Seiji Ozawa in a new staging by Graham Vick; Jan 3

WASHINGTON EXHIBITIONS National Gallery of Art

Tel: 1-202-737 4215 www.nga.gov

Bernini's Rome: Italian Baroque Terracottas from the State Hermitage Museum, St. Petersburg. 35 rarely exhibited sculptures, bought by Tsar Paul I from Filippo Farsetti. Among the 14 artists represented are Bernini and Algardi: to Jan 18 Van Gogh's Van Goghs: 70 paintings loaned by the Van Gogh Museum in Amsterdam, Includes such

Crows (1890); to Jan 3 Phillips Collection Tel: 1-202-387 2151 Impressionists in Winter: Effets de Neige. Inspired by Sisley's Snow at Louveciennes, this display includes 62 works from 44 collections. Artists represented include Monet, Pisarro. Caillebotte, Gauguin and Renoir, to

icons as The Potato Eaters (1885).

Harvest (1888) and Wheatfield with

Self-Portrait as an Artist (1888), The

OPERA Washington Opera, Kennedy Center Tel: 1-202-295 2-100

www.dc-opera.org Die Entführung aus dem Serail: by Mozart. L.A. Opera production by Michael Hampe, conducted here by Heinz Fricke; Eisenhower Theater. Jan 3. 7

ZURICH EXHIBITION

Kunsthaus Zurich Tel: 41-1-251 6765 Max Beckmann and Paris: more than 100 masteroieces of modern art from public and private collections around the world. Works by Beckmann are shown alongside paintings by Matisse, Picasso, Braque, Leger and Rouault; to

Arts Guide by Susanna Rustin e-mail: susanna.rustin@ft.com Additional listings supplied by Artbase, tel: 31-20-664 6441

Weekend Investor

Wall Street

Forget history and try stockpicking

It could be the most promising route to success this year, writes John Authers

Wall Street in 1999? After the year just closed, historical precedent no longer seems

At the start of 1998, analysts noted that the Standard & Poor's 500 had returned three years running. When-ever it had done this before, the following year had seen a big drop in share prices most recently, in the Black Monday collapse of 1987. In August last year, the

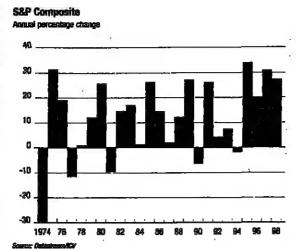
recovered from its sharp fall and, by the end of the year, had logged yet another annual increase of more

This comfortably outstripped the most optimistic fore-casts. Even Abby Cohen, Goldman Sachs's famously bullish strategist, predicted Industrial Average by the end of 1998, and a gain of about 11 per cent for the

Most strategists expected a relatively flat year, while some predicted a sharp deterioration – notably Barton Biggs, at Morgan Stanley Dean Witter, who expected the S&P to fall 15 per cent.

The unexpected strength of the US bond market was the key factor in allowing equities to do so well, combining with the continued unprecedented economic expansion. On the economy. 0.6 per cent. If this figure is though, there is a broad consensus that, while growth will slow significantly this year, there will not be a full

The economic advisory committee of the Bond Market Association (BMA), representing the chief economists at Wall Street's largest bond-issuing banks, expects a growth of 2.1 per cent in US gross domestic product in 1999 - considerably below the year even though there its forecast for last year of 3.4 per cent. It thinks bond nology companies. vields will continue to fall. along with other interest at least as varied again this shift to have a huge impact rates, althou as they did in 1998.



BMA also believes inflation will stay in check, increasing to 2 per cent from last year's forecast of 1.6 per

correct, equities should be able to avoid a precipitous collapse. The greatest risks, as last year, come from economies outside the US, notably Japan, although there is some fear of recession in Europe as well.

However, corporate profits

are expected to suffer a disproportionate dent this year, with low inflation and a tight labour market squeezing margins. Estimates by equity strategists point to almost flat earnings growth this year, with a consensus that profits will grow only correct, then the streak of 20 S&P seems certain to be snapped, in spite of all the other benign conditions for

the economy. This means that, like last year, 1999 probably will see a "stockpickers' market". In 1998, roughly half the S&P 500 stocks recorded falls, and companies finished down for were huge advances by tech-Performance is likely to be

vear. The relatively optimistic Cohen, who is looking for companies. The consensus prediction growth of between 5 and 7 is that the benchmark 30- per cent in operating earnyear Treasury bond will ings and a figure of 1,275 for yield only 4.75 per cent by the S&P 500 at year-end, the end of the year. At pres-ent, it oscillates between 5 Dow, suggests that stock and 5.1 per cent, having selection will be more and started last year near 6. The more important.

Byron Wien, at Morgan Stanley Dean Witter, is slightly more optimistic, predicting that moderate growth will allow a 10 per cent return for the year with the Dow beating 10,000 by

the year-end. Ralph Acam-pora at Prudential Securities, a long-term "bull" on the market during the 1990s, suggests the Dow could be anywhere in a broad range from 7,800 to 8,450 on the downside to 9.800-11.500 on the upside. He says 1999 will be the Year of the Stock-

stock selection becoming more important. one other long-term trend the outperformance of the biggest blue-chip companies might come to end. With lower overall returns. Cohen points out that investors may be prepared to accept higher risk in return for possible higher returns.

Richard Cripps, chief equity strategist at Legg Mason, in Baltimore, points out that the market moves of the past few years mean that a small shift of funds out of the large-caps could have a S&P small-cap index is equivalent to the market capitalisation of Microsoft. Not much money needs to

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London / Philip Coggan

Puzzling times for the pundits

Have patience with the pundits. Last year turned out to be horrendously difficult for financial forecasters as they tried frantically to adjust their targets in response to the stock market's gyrations.

This year might not be any easier, with no one quite sure if the British economy is heading into recession or the more benign euphemism

However, in order to help readers allocate their own portfolios for the coming year, we have once again lined up a battery of strategists to make their predic-

tions for 1999. The most optimistic forecast comes from Richard Batty, of HSBC, who thinks lower interest rates (his forecast is that the base, or repo. rate will drop to 5 per cent) will be the key driver for the UK market.

Moreover, relative to long-term interest rates. Batty believes UK equities offer value with an earnings yield/bond yield ratio of about 1. Periods when longterm rates are stable and short rates are falling are normally very positive for shares. So, although Batty expects corporate profits growth of only 3 per cent, his year-end forecast for the FTSE 100 index is 6,800.

A surprise for some might be the appearance of Mark Brown, of ABN Amro, close to the top of the bullish list. Brown has been one of the more bearish strategiats in each of the past two years. But he switched tack at

iust the right moment early in October last year and now believes the Footsie will end 1999 at 6,500.

Brown thinks lower interest rates and a positive

ympathy, please, for the market. But he also the soothsayers, believes there will be a turnround in the earnings cycle ings could grow by as much as 8 per cent Philip Isherwood, of

cast for the FTSE 100 index. Isherwood cites three factors: interest rates, which he expects to fall to 4.75 per equities looking cheap relative to bonds; and the high level of institutional cash

Ian Scott, of Lehman Brothers, the most bullish of forecasters in 1998, is once again near the top of the tree for 1999 with a target of 6,400 for the blue-chip index.

He thinks the likely downward adjustments to 1999 earnings are already factored into share prices. He also points out that the types of company that make up the FTSE 100 these days, such as utilities and pharma ceuticals, are far less cyclical than those of 15 years ago.

Like other analysts, Scott sees support to the market coming from lower shortterm rates - which he pre dicts could fall as far as 4.5 per cent - and from gilt yields, which he believes could drop to 3.9 per cent thanks to the benign inflationary outlook.

Bob Semple, of BT Alex Brown, is looking for the 6,250 in spite of his forecast that corporate earnings will decline. "Compensation for the market will come from an expectation that the UK will be headed towards a trend growth rate in 2000 and from falling shortterm rates, which should liquidity background will lift drop to 5 per cent by the end



of the year," he says.

He adds that investors should continue to shun the and pharmaceuticals.

Richard Crehan, of Morgan Stanley Dean Witter, also has a 6.250 target. He says: "We see a V-shaped profile of economic growth with a rebound in activity by the end of the year."

market will be supported by

British entry to European monetary union and by the cash levels of institutions.

So, even though Crehan expects zero earnings growth next year, he thinks equities should perform well and advises investors to concentrate on growth stocks. Robert Buckland, who

moved during 1998 from HSBC to Salomon Smith Barney, says the markets have been rallying since October on the back of interest rate cuts.

But people need to remember that rates are coming down because the economic background will disappoint," he warns. There's a pretty good chance that companies which report at the moment will disappoint investors."

cash return is falling fast most uncertain I can think and UK institutions are running large cash positions. He word recession on our lips, is going for a year-end Footsie target of 6,200. On a sectoral level, he

says that the momentum continue to be good bets. Ian Williams, at WestLB

year-end forecast of 5,800.
"We think the downside of earnings disappointments will offset the benefit of interest rate cuts," he says.

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"We forecast that GDP is set to fall by 0.5 per cent this year and I expect corporate Bank of England might well be cutting rates quickly, but there is a lag between monetary policy changes and their effect on the economy."

Nick Knight, of Nomura, expects the story of the year to be "earnings und. extreme pressure, with les driven by long, not short, gilt yields go lower, it will be for reasons the equity market won't like".

Least optimistic is Richard Nevertheless, he thinks Jeffrey, of Charterhouse. He equities can beat cash in says: "The outlook for 1999, especially since the and 2000 is probably the of. We enter 1989 with the but I am not convinced that the conditions are in place personal income growth is strong, credit growth is strong. We could see a sharp rebound in consumer spend-

ing." philip.coggan@FT.com Panmure, is opting for a

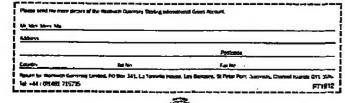
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Barry Riley



about the prospects for

Balloon in the jetstream

Americans – the world's consumers of last resort

1999 - especially for Wall Street which enters the new year so highly rated by historical standards, on a trailing price-earnings ratio of some 35. The story remains much as it

bigger downside. Briefly, there is an ocean of money with nowhere very much to go. Premium assets like US multinational equities and G10 government bonds are in niggardly or even negative supply (though you can have all the Japanese government bonds you want, if you are unwise enough). Elsewhere, in secondary equities or corporate bonds, let alone in emerging market bonds, a bear market has already been in progress for

I will focus on Wall Street because it dominates the global securities markets more than ever, and is now pivotal for the global economy. It works like this. Americans are now the world's consumers of last resort. The US economy has become household saving turning negative, consumer credit booming and the trade gap widening fast, in spite of a bonus from the cheapness of oil. Robust US demand is keeping the global economy above water, although even so the global growth rate is slowing to under 2 per cent; and interest rates. Excessive demand the Wall Street bubble is helping to sustain US demand through an extraordinary wealth effect. quate supply. Then recovery can

stand better how it happened in the first place. A year ago I suggested Wall Street had already topped out because earnings expectations had become unrealistic. Indeed, stockbrokers' analysts have been did a year ago, except with a made to look foolish as they have sought to justify today's high share prices on fundamen-

tals. Even now, in the UK, analysts are forecasting an average rise of 11 per cent in earnings per share in 1999, but according to the latest Merrill Lynch fund manager survey that is quite irrelevant because the professional investors who actually buy and sell the stocks are only On Wall Street the expecta-

tions gap is even wider, with the analysts targeting a truly fantastic 20 per cent average growth compared with 3 per cent expected by the investors. My own guess is that earnings will fall in both countries this year. In itself, such a decline would scarcely matter so long as investors were convinced a recovery seriously unbalanced, with was just around the corner. The new year challenge is to decide whether 1999 will just represent a down year in a typical shortentering an altogether bigger economic event

The classic cycle, remember, ends in overheating and high rates in order to match inade-

Japan and elsewhere in Asia, has undermined company profit-ability and hence the creditworthiness of banking systems in to the sunlit uplands beyond. several emerging economies (and, of course, Japan itself) and has generated deflation. Supply has had to be curbed to match

inadequate demand. Recovery from this position is pickup as there has been elsewhere in Asia has been very dependent on the growth of the US trade gap. In some commodities, especially oil, though not have not been in Japan.

agricultural products, there is Elsewhere, UK and continental likely to be a swift supply cutback and prices will rally. In manufacturing and services, however, excessive capacity will persist for longer.

A crisis could break in several ways, depending on where the butterflies flap their wings. of dollar bonds. Rather more will be different, likely is severe dollar weakness because the trade gap can no likely to be frustrated by the longer be easily financed, forcing lowest interest rates in four a response by the Fed whatever the consequences for Wall

term cycle, or whether we are excellent final quarter, however, and have not lost heart. Their case is that big companies will weather a temporary slowdown, even if smaller companies find rates will support equity valuacontinue. But if we are success- predicament is very different. the global economy will begin to But be ready.

fully to predict the bull market's Excessive supply, mainly from revive in the second half of the end, perhaps we ought to under- Japan and elsewhere in Asia, year. The crucial assumption year. The crucial assumption here is that investors will be able to look through the valley

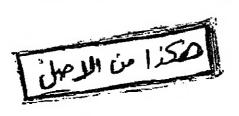
My view is that, whatever happens, stock market volatility will be high in 1999 as prospects are nervously reassessed from time to time. A serious collapse wili not happen, however, unless the unlikely to be quick. Certainly it quick recovery scenario has to has not been in Japan. Such a be abandoned. Then western investors would have to reject the idea that very low interest rates could somehow be good to equities, which they certain

markets could not ignore a Wall Street setback, although they are less extravagantly priced and so less vulnerable. The best value at present is to be found in Asia and in smaller capitalisation stocks in western markets However, value investing has Japan may finally implode finan- not paid off in the past few years cially, leading to distress selling and I cannot promise that 1999

Outside equities, savers an decades. In the UK I expect short-term rates to fall below 5 per cent though headline infla-The bulls have enjoyed an tion will tumble well below 2 per cent and will cushion the blow in real terms. Don't think nominal, think real,

Meanwhile, at these extrema aided by cost-cutting mergers, heights, the air is thin but the wind is strong. Although Walihas to be curbed by high interest the going tough. Low interest Street is heading for a big fall at some stage, there is still scope tions, with central banks desper- for the timing to tantalise us. It We may reason that it cannot proceed soon. The present global ately pumping out liquidity, and just might not happen in 1999.

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cerned," says Richard Tyson-

Davies, at the Association of

Payment and Clearing Ser-

Interest rates in the euro-

zone are less than half those

in the UK, and the rates paid

being offered reflect this.

Cater Allen is paying just 2 per cent before tax on

(£7,000), compared with a

market-leading rate of 7.25

per cent on UK sterling

cantly less than sterling,"

concedes Amanda Iremon-

ger, at Citibank. "But if you

believe the forecast by [bro-

kerl Salomon Smith Barney

that the euro will be the

strongest currency next

year, you will get capital appreciation." Few small

movements. That is why

lenders offering euro-mort-

some employees of multina-

an arbitrage vehicle," says

Margaret Schwartz, at Abbey

National. "The difference of

1 or 2 per cent [in the rates]

could so easily be wiped out

by exchange rate move-

Mortgage brokers also

petitive than most cure-zone

countries. "The long-term

says lan Darby, at John

"Our euro-mortgage is not

"The rates are signifi-

vings of up to €10,000

The euro in your pocket

The European single currency is up and running. Britain has not joined but Jean Eaglesham believes the effects will be profound

simply to ignore the dawned yesterday with the birth of the single currency. Given the UK's decision to stay out of the first wave of economic and monetary union, many Britons may take an ostrich approach to Emu and pretend it simply doesn't exist.

"By and large, I think it will pass them by," says Michael Wrobel, at fund manager Gartmore. But this could be a mistake.

The single currency will have a profound, if not necessarily immediate, impact on many aspects of UK life. "People will be thinking Europe in investment terms in a very short space of time," says Brian Tora, at stockbroker Greig Middleion. There is every reason to believe these changes will be upon us faster than we

Indeed, even the most parochial Britons may find the changes impossible to ignore, "Investors will have 'consider the impact of

Bom on their UK [and Bomb "guropean] investA bomb ons." says Jerfour people at Natwest
cerns over where prices
Sharif, the Petror reasons
ter. The blast ally domesshortly before they are
to drive over it. to drive over it.

Senate backs CantEurope The prospect of a vowers President Bill Clintdnities Senate grew as sent hese a proposal to speed^{could} ings. Page 20; Rise budget proposed, P

UN urged to stay in Ai The United Nations ratics. pull out of Angola do the recent increase in libouid and the shooting diumers UN-chartered aircices of special represent petween country said. Pariat have

Microsoft trial to: Austria, The Microsoft and Lux-to resume today, berlands, over testimony fin. This ernment's latestic and the latestic and emment's lettest) on high ent currencies.

ent currencies.

There are not that many plans to call for interesties. of Microsoft's leve this system busined even to any currencies.

Allen and Citibank, have control buy and sell shares.

translate into lower prices in yet. ture a chon windows. "The euro is just another folios. shop windows.

According to Valerie foreign currency so far as Thompson at Bureau Buro- UK card issuers are conpéen des Unions de Consommateurs, a European consumers' group: consumers do not have the confidence to buy abroad
What about saving in

because, for example, they will lose their statutory rights, then there will be no competitive pres-■ Do I have to take euros when I travel to other Euro-

pean countries?
You do not have to jettison your French francs or pesetas just yet. While the eurozone currencies are all irrevocably fixed in relation to the euro, they will not be withdrawn until July 1 2002. not be introduced until 2002.

During this change-over period, euros can be used for non-cash transactions, such as paying with a plastic card or cheque. The extent to which you will see goods and services priced in euros, as well as the local currencies, will vary a lot, though. Mike

Thompson, at Barclays Bank, says: "In some countries, such as France, you can see euros all over the place already. But in Spain, for example, there's not much evidence of them." ■ Is it worth getting a euro card, current account or travellers cheques? For most people, the

answer is no - at least, not yet. If you go to Europe just once or twice a year, the easiest option is simply to continue using the old currencies. If, for some reason, you want to pay for something in euros, you can use your normal credit or debit card and the amount will be converted into sterling in the same way as a payment in any other cur-

If, however, you travel a lot between countries in the could reduce the bother and fairly hefty cost - of jug- than the [best] UK rates," gling between lots of differ-

Minimal grows this euro-Britain will see UK, where growth over new cars can including Barclays, Cater Investors should be able interest rates fall rapidly soon to buy and sell shares and bond yields remain sup-portive.

The options include euro-growth over new cars can include euroby ere are some doubts as and payment cards linked to impact on unit and invest-

ball gazing

world and lead to sharp falls in equity markets.

However, western markets prolong the Goldilocks eco-

The Russian devaluation

from 1998 is the power of progress in 1999.

access. Most of the news in 1998 has been awful, but the stock market has proved fairly resilient and the same might happen in 1999. uncertainty is in the US.

savers will want to speculate with their cash in this way, Is it worth getting a chesp euro mortgage?

Beware. In spite of the attractions of lower rates. you could easily find that the risks rise every year. the sterling equivalent of your repayments, and the debt itself, jump purely because of exchange rate gages in the UK are aiming people paid in euros, such as

be the substantial liquidity flowing from institutional investors rather than corporate earnings growth. Indeed, we expect slower world economic growth in 1999 will have a negative impact on the growth of corporate earnings.

note that the UK home loans market is much more comfixed rates in France and will slip into deflation. Germany are no cheaper

World equity market valuations are high and corporate earnings will grow slowly, if at all, in 1999. However, we expect equity markets to make progress as interest rates fall rapidly

but is liked per cent more denominated travellers can deal in UK stocks. And ket has the greatest potenrisk. It might well be that

Crystal

eign & Colonial. This time last year, everythe Asian financial crisis would cause an economic slowdown in the rest of the

shot up in the first half of the veer as it was believed that the main effect of the Asian crisis was to reduce inflationary pressures and nomic expansion where the economy is not too bot, not too cold, but just right.

and debt default in August punctured this optimism but markets soon regained their poise thanks to interest rate cuts around the

lower interest rates to propel equity markets upwards. Interest rates will need to fall further to keep this Japan remains difficult to

Leading stocks have done exceptionally well but the hare prices of many small and medium-sized compa nies have fallen. Strong liquidity is likely to continue to sustain the US, but PETER KNAPTON, Legal & General Investment Management. In 1999, we expect world stock markets to remain dominated by international issues. The principal driver for equities will

Commodity prices may

recover but inflation will remain low because of corporate restructuring, surplus capacity, and lower exchange rates in emerging risk is that some economies

this, redntinental Europe. cheques, current accounts there is expected to be a big tial but also the highest whether this theoretical those accounts. But there ment trusts, changing the the market needs to hit new increase in competition will are no euro-credit cards as way fund managers struc- lows before the government ture and run their port- is forced to provide the nec-

Diary of a Private Investor

More in hope than reality on the road to success

Kevin Goldstein-Jackson has some tips for business tyros

parliament in proposed legislative programme, she told the assembled peers and MPs: "Productivity will be improved by measures addressing competition, investment, improving the skills of the British people."

I am delighted the Labour government is to encourage entrepreneurship. Having founded several successful companies, one of which I teered to a stock market quotation, I know what it eels like to start a business from nothing, attract finance, and build it into something worthwhile. I have also been an active investor in a variety of start-up and growing busi-

But what some would-be entrepreneurs claim they what they need.

Over the years, I have waded through hundreds of have read has often been shocking. Many people have no idea how to write a business plan, yet they have taken advertisements in newspapers and magazines to appeal for funds, and then sent inquirers expensively printed brochures that were badly written (sometimes with spelling errors) and containing figures that did not add up. Most British high street banks offer free "business start-up guides", even to non-customers. There is, therefore, no excuse for not getting such a guide, many of which include a form that, when completed, provides an outline business

plan. But I have seen com-

pleted forms that reveal the

Then the Queen entrepreneur. For example, expect to run engineering opened the under "major competitors" new session of they will write "none", and claim their proposed product or services to be unique. Yet a casual glance at the number of other firms offering the same products and services. A quick search on the internet will reveal many more.

> neur has either spent years "inventing" something that already exists or knows there are competitors for his products and services but fears that venture capital-ists will reject him if he admits to it. What he should

> > What many of them need are lessons in reality, and mentors. A number of people with excellent ideas are either not

be doing is monitoring pos- and expensive office accomsible competitors and modation in order to "create explaining how his product can beat the competition perhaps because it is cheaper, or does the task better, or is attractively

Would-be entrepreneurs often have unrealistic views as to what potential investors expect. I once received an outline proposal from a pany. It planned to operate in what it claimed to be a profitable niche area, and claimed it would return 20 per cent a year on my

ures. When these arrived, I was surprised by a number of estimated costs that included, incredibly, utility bills less than I pay for my home. How did the company

equipment at such low cost? It transpired that the applicant had read somewhere that a particular venture capital firm looked for year. He assumed that all investors wanted that return. But when his original costings produced much lower profits, he cut many

to boast a "bottom line 20 per cent profit". Sometimes, when I have queried outline proposals for especially heavy start-up costs, it is revealed the applicant feels be must

very good at form-filling or are

unabashed.

While inventors and

entrepreneurs are right to

fear being exploited by their

to give an investor even 5

per cent of the company in

return for providing much

What many of them need

mentors to assist them in

building their business. A

number of people with

not very good at form-

filling or are not particu-

larly adept at promoting

of the start-up capital.

not adept at promoting ideas

a good impression and attract business". When I point out that I once started and ran a successful business while being driven Citroen 2CV, he remains

I was suspicious and

asked for more detailed fig-

The Prince's Youth Business Trust sets a good example of practical and financial help to entrepreneurs. Since its foundation by Prince Charles in 1986, it has helped more than 40,000 young people to start small businesses, some of which have grown to sizeable

firms. cost loan is between £2,000 and £2,500. But it also provides a volunteer business adviser/mentor to assist cial to its success. And, with greater funding and support, it could do far more.

Although the govern-ment's recent white paper on competitiveness reveals plans for extra support for the Business Link Network. much more should be done cialist help" services for start-up operations. (The Link has about 240 advice centres.)

Perhaps universities and colleges could provide a "practical entrepreneurship" qualification where each student spends most of their time running their own real business but has the benefit of tuition from experienced business folk.

At the British Venture Capital Association annual dinner on November 26. Peter Mandelson, the then trade and industry secretary, said he was "particusion funds and others may be overly cautious" at investing in "innovative. early-stage companies". I would love to invest

some of my pension fund in start-up, unquoted businesses. Sadly, I cannot because Inland Revenue excellent ideas are either rules prevent such investment by self-invested personal pension schemes

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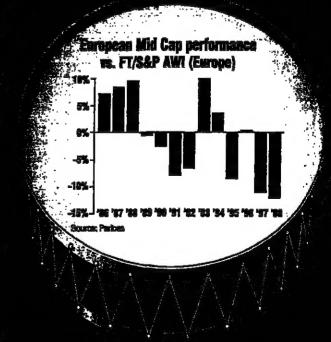
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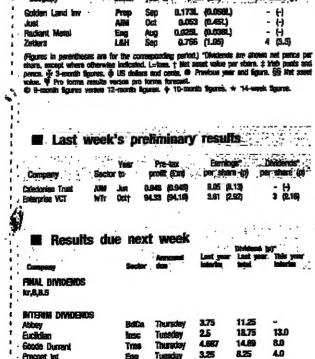
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Last week's interim results

Private Inv	estor Inc	lices			
Capital performance			% ch	-	
	30/13/1988	7 month	3 months	One year	Fire years
≰'y Estowiii	2848.01	2.20	15.55	13.90	54.04
Ratanced	2559.72	2.06	12.80	13.09	45.11
vicome	2106.59	1.84	9,03	11.65	31.13
FTSE All-Share Index	2673.92	1.79	14.04	11.06	58.67
FT/S&P-AWI (Ex UK)	265.66	3.39	23.54	20.84	61.61
FISE UK Gilts (All Stocks)	167.88	1.89	2.19	10.79	6.00

common less permany accessions until about six weeks after the board meeting to returnly reachs. \$\frac{1}{2}\$ let quantarly. \$\frac{1}{2}\$ and quantarly. *\frac{1}{2}\$ and quantarly. This fiel is not comprehensive since companies are no tonger obliged to mailly the Souck Exchange

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Abaçus Recruitment	214	211%	135	16.04	Cartiste Group	l
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BIR	12614	124	95	4.06bn	Slebe	1
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City Ste	35°	27%	271/2	5.88	The Miller Gross	
Clyde Blowers	185	185	14214	24.09	Redwood Grp	
Crabtree Group#	507	45%	411/2	10.15	LIG Technologies	
Dennis Grp	475*	470	62%	268.85	MayBower	
Evans Halshaw	260"	264	256	83.72	Pendragon	
Eyecars Products	15*	1432	12	13.3	Kappa Control of the Control of the	
Focus Dynamics	35°9	2814	20	5.77	Crprie Resolve	
Sardiner Ground	23"	27%	Z	27.02	Renél Gréss	
Heritagê Baltarosî	220	215	195%	40.48	Masco	
Hewetson	200*	194	185	37.2	Congener	
Jackson Group	85	821/2	57%	18.3	Peterhouse Grp	
Jones & Shipman	20	19	121/2	5.14	Recold	
MMS Petroleum	21	35	2514	2.52	Greenwich Res.	
MAS Petroleum#	35"	35	28	4.27	Ramce Energy	
Werley	125*	123	105%	363.37	Etex Group	
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Parklend Group	35*	33%	221/2	4.0	Whitiock	
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■ Current takeover blds and mergers

FT WEEKEND

The fatal attraction of a healthy lifestyle

Quitting smoking and joining a gym have toned his muscles, but Michael Thompson-Noel finds the process has also terrified his mind

am 53 years of age, which surprises many people. Most imagine I am 10 or even 15 years younger than I am.

It is not that I am youthfullooking. I have one of those squeezed reddish-chalky, slept-around faces that journalists who peaked in 1975 often

And I am - or was - running to fat, so that my body, which for more than 30 years resembled the statue from antiquity known as the Getty bronze, was slumping and crumpling.

The only reason most people imagine I am 10 to 15 years younger than I am is my insouciance and irony, my air of fun and games. Most people, when they see me, start to laugh out loud. This makes them feel good, and works to my advantage.

Recently, however, I have embarked on a series of lifestyle changes which are remoulding my personality. My insouciance is evaporating. All of a sudden, I am becoming healthier and more sensible, even more intelligent, given that more oxygen is reaching my brain, which seems to be regenerating. Parts of my brain which have neither received nor transmitted anything since I was 16 are coming online again

 and boy, are they cross.
 As a result of my brain's reoxygenation, my perspectives are changing. I am starting to view the short-term future - the next 10 to 20 years - with extraordinary clarity. For the first time in my life, I am starting to feel afraid.

Let me explain. Some months ago, playing tennis at a London club against an urbane, super-fit, 24-year-old gigolo-type with venomously tutored strokes, I pulled a calf muscle. Pulled calf muscles sound comical, if less hilarlous than a pulled groin. But they can be extremely painful, and may take weeks to heal. They are anything but comical.

Yet I like tennis. I hope to continue playing it for at least another decade. So, in a bid to get fit and avoid injuries. I quit smoking and joined a gym.

Surprisingly, quitting smoking was not that hard, even though I am a moral invertebrate. For 35 years I had smoked heavily. More than likely, [will die of a smoking-related disease perhaps one of the really bad ones. But

at least I am no longer smoking. Three things helped me relinquish the killer weed, the first being the high cost of smoking in Britain which, commendably, taxes cigarettes heavily. By the time I decided to quit, my 40-cigarettes-a-day habit was costing almost £50 a week - £2,600 a year.

Second, I happened to read a book by a posse of writers at Bloomberg News, The People vs Big Tobacco, which lays bare the activities over many years of the barons who ran the US tobacco industry: men who spent their careers spitting in the face of public opinion, badmouthing medical evidence, and lying or dissembling when questioned about tobacco and alcotine addiction.

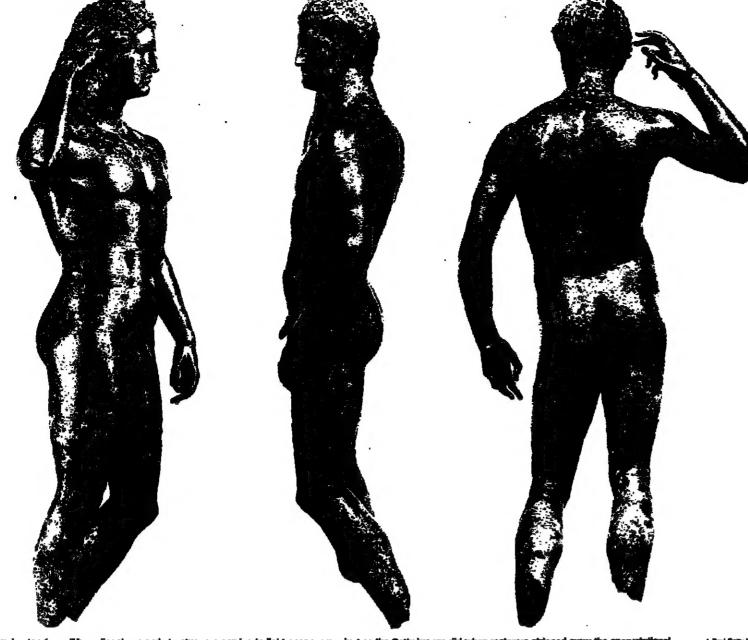
last are undoing a little of the havoc wreaked by Jean Nicot, French ambassador to Portugal, who was told, in 1560, that court officials in Lisbon prized tobacco for its curative powers. and wrote to Paris rhapsodising about the killer leaf. Within 40 years, tobacco was widely accepted as an antitoxin and disinfectant. Later still, Nicot's name helped provide the word nicotine - the addictive element in tobacco.

Fortunately, nicotine patches really work. They come in three sizes, large, medium, small, and cost £15-£16 for a week's supply of seven. You stick a patch somewhere on your body - a flat part is best - and decreasing amounts of nicotine are leached through your

The maker says you should use the patches for nine to 12 weeks to wean

Tou look at loose ends; I

think you need a cigar."



g top form: "My seriler shape and structure are coming to light once more – just as the Gatty bronze did when restorers stripped

you off nicotine. I used them for seven weeks and now consider myself free of addiction. A record company exec at patches for only one week, and was now an ex-amoker.

Shortly after sticking on the first of my patches, I joined a gym. the Esporta Health & Fitness Club in Queensway, London I used to hang around boxing gyms, when I wrote about boxing, but the Esporta club is almost the first commercial fitness club I have been

Things are going well. The trainer to whom I was assigned is an affable New Zealand beef mountain named Grant who was shocked at how heavy (15 Oib) and stiff I was (I got stuck ers can find it easy to quit nowadays. in the leg-press machine). He compiled thanks to nicotine patches, which at an hour-long programme of exercises for me, including use of rowing, cycling and running machines, which I work my way through at least three times a

> Already, the results are impressive, for joining a gym has also encouraged me to clean up my diet. My stomach is receding, and my muscles are expanding. In short, I am once more coming to resemble the ancient Greek statue known as the Getty bronze, which is thought to have been made by Lysippos, the great fourth century BC sculptor. The bronze was purchased by the Getty museum in California in 1977, having come on to the market five

> The statue, which is beautiful, shows

soils. There is a harvesting, dry-

ing, ageing and fermenting pro-

cess, and by the time the cigars

are blended, rolled, boxed,

matured and delivered to retail-

ers' shelves, about 2': years will

have elapsed - one reason why

With Davidoff, this can easily

bigger cigars. While the binder

and Cubano seed, the oily wrap-

per leaf has to come from Con-

necticut. Satisfactory local pro-

appears several years away, says

Hendrik Kelner, Davidoff's local

hand-made cigars cost a lot.

Alexander the Great, in the act of crowning himself with an olive wreath following a victory at the Olympic

Until I was 48 or so, people often remarked on the uncanny similarity between my form and that of the Getty bronze, and now, excitingly, my earlier shape and structure are coming to light once more - just as the Getty bronze did when restorers stripped away the encrustations, including shells of sea creatures, that had attached themselves to it during the many centuries it spent beneath the sea, after being shipwrecked in the first century BC or AD, the golden age of Roman art col-

gym, I may have extended my life expectancy a bit, but was it worth it? I am starting to have doubts.

Until I stopped smoking, I hadn't realised how many contemplative 10- or 15-minute interludes - Australians call them "smokos" - are required if you are consuming 40 king-size cigarettes a day, especially if you are at work. Smokos are wonderful. You just sit there and smoke, feeding your addiction. slipping in and out of a dream world.

Until I quit smoking, I read a lot of science books, especially ones that dealt with mankind's future. One of the books I enjoyed most last year, for example, was Freeman Dyson's Imagined Worlds, in which the famed Princeton scientist speculated on the likely evolution of humanity over the an athletic, nude, life-size youth, proba-next 10, 100, 1,000, 10,000, 100,000 and houses that immediately succeeded says, we won't be human any more.) player, whatever - "will be seen by water content diminishes, as do cell

Towards the end of Imagined Worlds, Dyson states that the great task for technology in the coming century will be to supply the needs of the millions of people in modern societies who have been abandoned to unemployment and destitution.

"The free market will not by itself produce technology friendly to the poor," wrote Dyson. "Only a technology positively guided by ethics can do

He also wrote that the "artificial improvement" of human beings via the

I may have extended my life expectancy a bit, but was it worth it?

agency of biotechnology, driven by DNA sequencing and genetic engineering, will come, one way or another. whether we like it or not, as soon as the progress of biological understanding makes it possible.

"When people are offered technical means to improve themselves and their children...the offer will be accepted,"
wrote Dyson, for "human improvement" - better health, longer life, a more cheerful disposition, a stronger heart, smarter brain, the ability to earn bly a young prince of one of the royal im years. (Beyond im years, he more money as a rock star, basebail

millions of citizens as a liberation from past constraints and injustices. Their freedom to choose cannot be perma-

nently denied". I used to love that sort of thing. When I was a smoker, I spent hours each day in a fog of bone-idle speculation, speeding to the edge of the universe (if it has an edge) between one lethal puff of a full-tar ciggy and the

next. No wonder I looked addled. But you cannot go on like that. Either you die of tobacco, or you stop smoking. Having quit, however, I find that my reactivated brain parts, far from being interested in 1m-year timeing and death.

Until I quit smoking and joined a gym, I never thought about ageing. Now I think of little else. I have become acutely sensitive to the many changes, physical or otherwise, that ageing entails. As my brain cells constantly remind me, quoting Plato: "Old age does not come alone."

When we age, our height shrinks. hair thins, skin wrinkles, limbs shake and extremities grow cold, as does the body as a whole. Our brains become lighter and our senses deteriorate. Lungs and liver grow smaller, females have the menopause and males face prostate gland troubles. Cramp becomes commoner, the pulse rate lessens, hearts shrink or enlarge, blood pressure rises, reaction times slow and speech alters, becoming, in some, little more than a tinny tremble. The body's solids and bone mineral, but fat goes up. Teeth are lost, joints stiffen, both jaws shrink and the chin may jut.

Those are only a few of the changes listed by Anthony Smith in Sex, Genes and All That: The New Facts of Life, which surveys the fast-changing story of human reproduction, from birth to death. In my altered condition, I find Smith's book grimly fascinating.

As he says, longer life expectancy has not altered one fundamental fact after the age of 30, the risk of death doubles every eight years. "It did a century ago [and] does so now . . despite a declining death rate throughout the century. A 38-year-old man of today has a greater life expectancy than his father, and even more so than his grandfather, and more so yet again than his great-grandfather, but he is still twice as likely to die as is a 30-year-old of today, just as his ancestors were when they were eight years older than their 30-year-old contemporaries,

Reading Smith's book has led me to wonder why some creatures do not noticeably age, such as salmon, which expire the moment they have given their all in reproduction, having compressed their senescence into minutes rather than years; or why, given that every kind of biological error that can occur does occur, the error of immortality has never been reported.

Currently, says Smith, no one foresees immortality for humans, even though further prolongation of life is a certainty for those people able to afford it. Yet even for them, death cannot be

Sometimes, in the gym, while working my way round and noticing how much faster everyone else is going, on every type of equipment, my reactivated brain parts mull and ponder some of the scarier bits of Sherwin B. Nuland's famously honest book about modern death and dying, How We Die. It was published in 1993, but it was only a few weeks ago that my reconnected brain parts demanded a copy.

Nuland, a teacher of surgery and of the history of medicine at Yale, says he wrote his book to demythologise the process of dying. His intention was not to depict it as a horror-filled sequence of painful and disgusting degradations, but to present it realistically.

How We Die is an extraordinarily useful book. Doris Lessing says that every one over the age of 50 should have a copy. One of the most important things Nuland does is to tell us to prepare for final departure by tidying up as much unfinished business as possible, so as to lessen the burden of

As inevitable as death is, he says, and as likely as it is to be preceded by. a difficult period, especially for people with cancer, there are "additional pieces of baggage we shall all take to the grave, but from which we may somewhat disencumber ourselves if we frames, are obsessed only with the next 'anticipate them. By these, I mean contwo decades, and with ageing and flicts unresolved, breached relationpromises not kept, and years that will never be lived. For virtually every one of us, there will be unfinished business. Only the very old escape it, and even

Andrew Control of the Control of the

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then not always." Quitting smoking. Joining a gym. Overhauling my diet. Being kind to small people. Such are my recent feats. But they are ruining my personality. Doing my head in.

For someone my age, I was being far too ambitious. According to urgent messages from the latest brain parts to have come back online, what I ought to try now is a recuperative regimen of sex, drugs and funky disco. How can I

■ The People vs Big Tobacco, Bloom berg Press, £17.50. Imagined Worlds, Harvard University Press, \$22. Sex, Genes and All That, Mocmillan, £20. How We Die, Vintage, £6.99.

Cigar smoke gets in your eyes

Frank Gray stalks the Dominican Republic to draw the veil covering the Davidoff empire

The unorthodox invitation is delivered in a strong Swiss-German accent pleasantly counterbalanced by the smiling face of Ernest Schneider, the 76-year-old don of the highly secretive Davidoff clgar It has been widely accepted by

Davidoff smokers that Schneider is the new man at the top of the put since the 1980s. private, Swiss-based company. having succeeded the late Zino It grows in a stalk, about two Davidoff, who died, aged 88, in metres high, and from seedling to 1994, Schneider maintains gnomically that nothing could be further from the truth.

We have just arrived in the long central valley that cuts from north-west to south-east across the Dominican Republic, dividing it doesn't quite work that way. the country. The valley is the island's agricultural heartland. Its dominant crops are cigar tobacco, rice and, to a lesser

extent, corn and coffee. Cigars have been proffered and, despite tropical rainfall obscuring the pine and palm-covered sawtooth mountains either side of the valley, umbrellas are at the ready in time for our first lesson in the art of cigar-making. We are talking about the

Dominican cigar, which in the 1990s has emerged as a serious rival to its more famous Cuban cousin, grown 1,000km to the and filler, the core tobaccos in with relish. "When I start my day paid him SwFr4m (£1.75m) to own brands. west. Indeed, the cigar boom in the making of a cigar, are locally the US, which shows signs of lev- grown from Olor, San Vicente day." eiling off after relentless growth in recent years, has been fuelled by the abundant availability of Dominican cigars. Cuban cigars duction of the wrapper still

cannot be sold in the US. The Dominicans are now outproducing the Cubans - this joint-venture tobacco partner. year, production is reckoned to Schneider is a great believer in Knights).



Light touch: Ernest Schneider, expanding the Davidoff cigar marque

the restorative power of the cigar. He smokes five a day, the first usually before dawn at the Basle head offices of the Swiss not mind being the grey emicompany, Oettinger Imex, which nence behind the company. Zino has owned the famed Davidoff told me that he wanted to retire mean £8 to £10 a stick and half as brand name since 1970. "What in 1970," he says. better way to deal with the conmuch again for the company's tents of my in-basket," he says he had created a famous brand; I another 450 shops carrying its this way. I know it will be a good

This day he is playing host to hundreds of guests at the grand our ambassador but things went the Zino and the Griffin. All its opening of the company's new so well, he stayed on for 24 cigar-rolling factory in the years." Dominican Republic's tobacco heartland just outside Santiago de los Caballeros (St James of the

Until the death of Zino Davidoff, Schneider was scarcely known outside the trade. "I did

take over the shop and the brand

Zino was one of the cigar among about 40 leading productrade's great characters. I met ers, it has a 10 per cent share of him in London a year before he the export market.

saw him, his cigar raking the air as he told stories of past custom-ers, such as Isaac Stern and he says. "We will expand accord-Artur Rubinstein.

The most remarkable visitor to his Geneva shop ("That's what I am after all, a shopkeeper") was King Farouk of Egypt, who at one go ordered 40,000 Havana cigars, at a cost of about £500,000 in today's terms. "He had been running up debts in Rome, we heard, so we insisted he pay cash which, by the time the order was filled, he did."

His entrepreneurial flair showed itself at the start of the second world war, when he cornered the European market for cigars by buying up stocks from cash-strapped customers. Come 1946, he had supplies in hand when no one else in Europe did.

After the takeover, the company expanded dramatically in the 1980s. Since then, it has established 35 of its own eigar "With his cigar shop in Geneva shops around the world with

The marques were increased, name. Our original deal was for too, from the Davidoff brand to him to stay on for three years as include others such as the Avo, cigar production is now in the Dominican Republic, where,

tobacco-blender father fled the expansion was funded by Ukraine in 1911 for Switzerland), internal resources, not by bonds Zino was in good form the day I or shares. "We are a family business and there is no intention to

> ing to our means." One of the oddities about the company is that much of the expansion was fuelled by accident, thanks to attempts by counterfeiters to launch anything from T-shirts to cheap vodkas

> bearing the Davidoff name. Schneider, who trained as a lawyer, launched three dozen successful lawsuits against fraudsters, but in order to make his cases stick, he had to diversify into quality products, other than cigars, bearing the Davidoff

> This led in recent years to a vast expansion into premium cognac, briefcases, ties, male and female scents, such as "Cool Water", speciacles and fountain and ball-point pens.

> I recently priced a range of Davidoff smoking accessories humidors, cigar cutters, holders, leather cigar cases, ash trays, lighters, matches (they must be mahogany, not pine), and various books about cigars. Add two or three boxes of cigars, and you could easily spend £4,000-£5,000 for an initial kitting out.

Another oddity is that Davidoff's reputation originated in Cuba, where Zino was sent in the 1920s as an apprentice. Davidoff died. Born in Kiev in 1905 (his Schneider likes to stress that shocked the cigar world by pull-

ing out of Cuba in 1990 after that country tried to take control of the trademark.

Schneider admits that the first years of this decade were tough. "Our customers had to get used to a new, lighter-tasting cigar and we had to get used to a new

But the company now says it is on a roll. The Cuba pull-out opened the US market to the full range of Davidoff products, led the expansion programme — shops to open in Tel Aviv, Johannard Las Vegas in 1999 nesburg and Las Vegas in 1999 -boost its point-of-sale advertising potential in anticipation of

proader advertising curbs. Davidoff, apart from those elusive Connecticut wrapper leaves, is now a fully integrated com-pany in the Dominican Republic. where it produces its full range of cigars from seedling to the boxes.

Its turnover in 1997 was SwFr1.9bn, up 10 per cent on 1996. It employs more than 1,000 workers locally, most of them rollers and tobacco processors. This is just over half of its total payroll.

Schneider, who recently appointed Reto Cina as chief executive, remains firmly at the

He declines to reveal more, except to say that the firm has come a long way since "the little Russian", as Zino liked to call himself, started selling cigars at his father's shop in the 1920s.

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